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FINANCIAL TIMES

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WORLD NEWS

Noriega loyalists hold out

Widespread fighting continued in Panama as US forces sought to subdue troops loyal to General Manuel Noriega, the dictator being sought by the US on drugs charges.

US officers admitted that the paramilitary Dignity Battalion loyal to Gen Noriega had put up stiffer resistance than expected. Page 22; US enthusiasm fading, Page 3

Hurd resists Arab call
Foreign Secretary Douglas Hurd resisted calls from four Arab states for the EC to lift sanctions imposed on Libya and Syria in 1986. He was taking part in a Paris ministerial meeting between the European Community and the 22 Arab League members. Page 3

Italy's migrants decree
Italy's Cabinet passed a decree to make it harder for immigrants, particularly from the Third World and Eastern Europe, to enter the country. Parliament must approve the ruling within 60 days.

Tokyo departs 301
Japan has deported 301 Chinese boat people who entered illegally, posing as Vietnamese refugees. Page 3

Jay joins BBC
Former UK ambassador in Washington Peter Jay is leaving his post as publisher Robert Maxwell's chief of staff to become BBC business and economics editor. Page 5

Arms dump arrests
Two men were arrested by armed police in west Wales following the discovery of a cache of about 100lb of Semtex explosives, guns and detonators. They were taken to Paddington Green police station, west London, and detained under the Prevention of Terrorism Act. Page 4

BUSINESS SUMMARY

British Steel bid referred

British Steel's proposed £230m acquisition of C. Walker, the UK's biggest steel stockholder and distributor, is being referred to the Monopolies Commission. Page 22. Lex

SEARS ROEBUCK, the world's biggest retailer, has been charged with making false claims for its so-called "everyday low price" policy by the Attorney General of New York state. Page 10

VOLESWAGEN, the West German automotive group, has set up a joint venture with East Germany for the joint development of cars and light commercial vehicles. Page 10

MAGNET, the kitchen and do-it-yourself retailer, is to restructure its finances. Chairman Tom Dunbury is expected to quit after a special meeting in February. Page 8

SMITHKLINE BEECHAM, the Anglo-American pharmaceuticals and consumer products company, is to sell its household products business in the US and Canada to the Benelux group of West Germany for \$106m (500m). Page 9

SEA CONTAINERS, the ferry and container group fighting a \$1.12bn (260m) bid from the "block" of the UK and Stena of Sweden, may set a date next week for its AGM and announce a buyer for one of its port facilities. Page 8

BLUE CIRCLE, cement and home products group, won control of Myson, boilers and radiators company, 24 hours after gaining clearance from the Monopolies Commission to renew its £197.5m bid. Page 8

AMERICAN EXPRESS is negotiating the sale of TDB American Express, its Geneva investment banking subsidiary, to Compagnie de Banque et d'Investissements, of Switzerland. Page 10

POLAND
August • Jaruzelski



HUNGARY
October • Grósz



EAST GERMANY
October • Honecker



CZECHOSLOVAKIA
November • Husak



BULGARIA
November • Zhivkov



ROMANIA
December • Ceausescu



● Civil war in Bucharest ● Troops loyal to former President in street battles

Ceausescu is toppled and hundreds die

By Our Foreign Staff

NICOLAE Ceausescu, Romania's President and eastern Europe's last but one hard-line communist leader, was toppled from power yesterday, precipitating virtual civil war in Bucharest.

The former President was reported to have been arrested but troops loyal to him flooded into the capital, killing hundreds in street battles.

The events in Romania make it by far the bloodiest and to communist rule of any of the states which have made the transition this year - Poland, Hungary, East Germany and Czechoslovakia. The only orthodox communist regime left in Europe is in Albania.

The end of the Ceausescu regime, the most repressive and authoritarian of the east European nations, came suddenly and unexpectedly. Unrest in the Balkan state began when hundreds of people were reportedly shot dead by security forces opening fire on an unarmed crowd last Sunday in Timisoara, in the nation's west.

This was followed by demonstrations throughout the country, and eventually in Bucharest, the capital. Several people were killed in attempts by the police to crush these on Thursday night.

Mr Ceausescu tried to declare a state of emergency throughout the country yesterday, placing his security forces, police and troops on alert but several units of the army apparently joined forces

with the protesters and the demonstrations then turned into a joyous outburst against the regime.

This turned sour when loyalist units of the army intervened. The Central Committee building and the Presidential Palace were on fire, the official Polish news agency PAP reported from Bucharest. It said security troops loyal to Ceausescu were marching on the capital from Ploiesti, 30 miles to the north.

An explosion partially wrecked the headquarters of the Communist Party Central Committee and the building was on fire, Soviet Television said. The fighting later spread towards Bucharest's international airport. The official Polish news agency PAP said: "Barricades of heavy military equipment were erected on the road leading towards Bucharest and the whole crowd started a march from Ploiesti in the direction of Bucharest."

Dramatic pictures on Romanian television showed demonstrators waving the national flag in the square in front of the presidential palace as five radio broadcasts from the square, an army commander was heard barking out to the demonstrators to disperse so



Romanian soldiers celebrate the overthrow of Nicolae Ceausescu

'I've waited all my life for this'

By Richard Donkin

"It's revolution, mister, I've waited all my life for this," said Eugene Veance, a 26-year-old Romanian economist, who mimics earlier had been part of the dancing, swaying throng that swept Nicolae Ceausescu out of power. "It seemed like the whole of Bucharest was on the streets."

Speaking from his flat in Bucharest, he said that workers, students and soldiers were dancing together and singing Romanian folk songs. Many were waving blue, gold and red national flags.

All the flags had the communist party emblem ripped out to celebrate the end of a hated regime.

Earlier, crowds had gathered in front of the Communist Party Central Committee palace, where, said Mr Veance, Ceausescu had made a final attempt to address the people from a balcony before he was driven back to his apartment by a hail of sticks and bottles.

At about 2pm the crowd surged forward. Some got

inside the palace as Ceausescu climbed into one of two white presidential helicopters waiting on the roof.

The helicopters dropped leaders on the crowd making appeals for calm, but by this time people were in the palace hurling portraits and papers of the deposed leader out of the windows.

Part of the crowd got onto the roof, he said, and pulled down communist flags and hoardings.

"I tried in front of the television set," said Mr Veance. "An army officer was asking soldiers to lay down their weapons, then we heard that Ceausescu had been captured and the whole crowd started chanting for him to be placed on trial," he added.

Mr Veance and his friends were caught in the street fighting the previous night between the Intercontinental Hotel and the university. Troops fired above their heads and tanks smashed through a barricade of burning cars erected

by the demonstrators.

Shooting had carried on into the night, but in the morning, said Mr Veance, the atmosphere changed, the secret police had vanished.

He said: "We went out into the streets and saw that the tanks had their guns hooded over, the first broadcasts were coming over the radio saying the Defence Minister had shot himself and that the regime was over."

"Many of the soldiers were cheering us, and people started climbing onto the tanks when they realised the army was with them."

Afternoon television bulletins reported that Ceausescu's helicopter had landed in Timisoara, north-west of Bucharest, about 15 minutes after it had taken off.

Ceausescu was reported to have been captured by a group of workers who had taken him to Tigrovista. One of Ceausescu's brothers had appeared on television offering to do everything he could to help

Brandenburg Gate re-opens to seal new link in German history

By Leslie Collitt in Berlin

THE BRANDENBURG Gate, a landmark of divided Berlin and Germany, again became a symbol of unity as the leaders of the two German states celebrated the opening of the historic monument with jubilation East and West Germany.

Chancellor Helmut Kohl of West Germany and Mr Hans Modrow, Prime Minister of East Germany, strode side by side through the 200-year-old gate as tens of thousands of Germans rejoiced on both sides of the border.

Pouring rain could not dampen the enthusiasm of the crowds which mobbed the two leaders and then surged over the Wall on the West Berlin side of the gate as if the barrier no longer existed.

East and West Germans stampeded through the two new openings on either side of the gate in scenes which brought tears to the eyes of many older Germans who were present and who watched the proceedings on East and West German TV.

One man recalled how, 28 years ago when the Wall was built, he was in a cinema in

West Berlin and afterwards returned by underground to East Berlin unaware what had happened.

What did he hope for the future? "That Germany will be one." It was a view shared by a majority of those present - opponents of unification were conspicuous by their absence.

Most of the flags waved on the East German side of the gate were the black, red and gold of West Germany - minus the East German emblem in the middle.

Picnics and banners too called for Einheit (unity) and one young man held up a sign proclaiming: "One country, one people, one state." Someone even carried a cardboard heart split in two with the word Deutschland written across it.

At the gate, the hosts, a stoic-looking Mr Modrow and Mr Erhard Krack, the Mayor of East Berlin, greeted Chancellor Kohl, Mr Walter Momper, the Mayor of West Berlin; Mr Hans-Dietrich Genscher, West Germany's Foreign Minister; and two former West German Presidents, Mr Walter Scheel and Mr Karl Carstens.

On the western side of the Wall a British military band camped the Berlin anthem: Das ist die Berliner Luft.

Mr Kohl gave the crowd the words it wanted to hear: "Liebe Landsleute (Dear countrymen) - and left it with no doubt as to the ultimate unity he was seeking for the two Germans.

A more reflective Mr Modrow recalled that it was here that Hitler's Third Reich collapsed and where the Wall was built with the intention of protecting the populace from harm. But instead it "hurt people," he said in a remarkable admission. But only his greetings of solidarity with the people of Romania were applauded by the Easterners, who chanted "Helmut."

Mayor Momper paid tribute to the pro-democracy movements in the GDR and eastern Europe which paved the way for the opening.

An East Berliner in the crowd was disappointed that none of the speakers had paid tribute to the man who had made it all possible, Mr Mikhail Gorbachev.

Allied and Whitbread spirits deal

By Phillip Rawstone

ALLIED-LYONS, the UK food and drinks group, yesterday consolidated its position among the leaders of the international wines and spirits business by agreeing to pay \$545m for the spirits division of Whitbread, the rival UK brewer.

Under the cash deal Allied will acquire James Burroughs - brands of which include Beefeater gin, Long John Scotch whisky and Laproaig malt - and Buckingham Wine, distributor of international wines and spirits in the US, including Cutty Sark whisky, Bollinger champagne, Benedictine, and Antinori Italian wines.

Whitbread's 85 per cent shareholding in Californian Atlas Peak vineyards, and Julius Wile wines, are also included in the sale, which is expected to be completed about the end of next month.

Shares in each of the two companies closed 2p lower, but the consensus among City analysts was that the deal would

MARKETS

STERLING
New York last time: \$1.6245
London: \$1.6210 (1.6125)
DM2.7675 (2.7625)
FF2.4675 (2.4625)
SF2.1275 (2.1225)
Y21.50 (21.75)
£ index 85.9 (86.8)

GOLD
New York: Comex Feb \$416.7
London: \$413.25 (412.75)
N SEA OIL (Argus) Brent 15-day Feb \$19.725 (19.575)

DOLLAR
New York last time: DM1.7075
FF6.83025
SF1.5485
Y142.45
London: DM1.7080 (1.7250)
FF6.8400 (6.8650)
SF1.5485 (1.5575)
Y142.85 (143.70)
£ index 87.4 (87.7)
Tokyo closer: 143.67

US LIGHTCRUDE
BATES Fed Funds 6 1/2
3-mo Treasury Bills: yield: 7.82%
Leap Bonds: 102 1/2
yield: 7.87%

STOCK INDICES
FT-35 198: 2,382.0 (+9.0)
FT Ordinary: 1,688.2 (+8.4)
FT-A All-Share: 1,177.11 (+0.3%)
New York last time: DJ Ind. Av. 2,698.81 (+7.88)
S&P Comp 296.39 (+2.37)
Tokyo Nikkei 38,040.37 (-175.11)

LONDON MONEY
3-month interbank closing 15 1/2% (15 1/2%)
Life long gilt future: Mar 89 3 1/2 (30 1/2)

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Weekend FT



GHOST AT THE CITY'S FEAST
After Big Bang, and the Crash, bull market babies fear another blow. Even their natural bravado is in short supply, says Christian Tylor
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The best and worst performing companies of the year
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How to Spend It
Last-gasp Christmas presents
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Food and Wine
Janis Robinson on the options for those who still need to buy their Christmas wine
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The Financial Times wishes its readers, advertisers and distributors a happy Christmas. The newspaper will not be published on Christmas Day or Boxing Day and the next issue will be on Wednesday December 27.

WISHING YOU A MERRY CHRISTMAS

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ROMANIA

Ceausescu's fall leaves power vacuum in a terrorised land

There can be no easy transfer of authority from the most Orwellian regime in Eastern Europe, Patrick Blum and John Lloyd write

THE violence that has erupted in Romania is a bloody testament to the way the Ceausescu regime maintained itself in power. Its viciously repressive security apparatus guaranteed there would never be an easy transfer of authority. Last night, as power slipped away from his hands, it was still capable of inflicting savage wounds.

The result is likely to be a fragmented and violent succession. The Ceausescu system depended on enormous internal tensions, and like a wire hawser that has suddenly been cut, it is now whipping out of control.

Kremlin cautious about fall of an ideological irritant

By Quentin Peel in Moscow

THE overthrow of President Nicolae Ceausescu of Romania was greeted with barely disguised jubilation by the Soviet media yesterday, but with continuing caution by the Soviet authorities.

The first official reaction was an appeal for calm, from a Soviet government spokesman, suggesting concern at the danger of a complete collapse of authority in the wake of the rigid Ceausescu dictatorship.

"We have no doubts that the Romanian people will show wisdom and retain their composure, despite the dramatic events, in order to create conditions conducive to normal life and to setting up new institutions of power," Mr Vadim Ferfiliev, a Foreign Ministry spokesman, said.

On the face of it, Mr Mikhail Gorbachev should be more enthusiastic about the overthrow of Mr Ceausescu than he was about the advent of reform in either East Germany or Czechoslovakia, for he had long been at ideological loggerheads with the Romanian ruler.

Their last talks, at the time of the Warsaw Pact summit in Moscow this month, were described as "frank and forthright", which was seen as diplomatic double-speak for something akin to an outright slanging match.

Not only did Mr Ceausescu maintain the most blatantly Stalinist regime in Eastern Europe, but he also resisted all Soviet attempts to co-ordinate policies in Comecon, the trading bloc, and the Warsaw Pact itself - as much for nationalistic as for ideological reasons.

However the demise of the Romanian dictator could have three possible negative consequences for Mr Gorbachev.

Even more than with Czechoslovakia and East Germany, the end result of the overthrow is totally unpredictable.

cialists feared saying anything that could be interpreted as critical of Mr Ceausescu or of his family and close associates.

As a result, officials would not only lie to foreign visitors and journalists, but also to their own superiors.

Anything that was wrong was the fault of others

ors: statistics were fabricated to gloss over the fact that factories were not producing or functioning at minimum capacities; shortcomings throughout the economy were explained as the result of external factors; workers and managers were blamed for incompetence or accused of sabotage. In fact, under Mr Ceausescu, anything that was wrong was the fault of others but never of the regime's disastrous handling of the economy and of the country.

Romania under Mr Ceausescu was the closest in the whole of Eastern Europe to the Orwellian world

depicted in 1984. All forms of opposition, whether from workers, intellectuals, the Church or ethnic groups, were ruthlessly repressed. Violence is not new to the regime, it was built into the system, and in those circumstances, it was inevitable that any challenge to the regime would be met with violence.

Over the years, Mr Ceausescu sought to neutralise the military which could have represented a potential threat to the regime. This was done through systematic indoctrination, appeals to Romanian nationalism, and perks. Elite units were better fed and clothed than the vast majority of the population which had to live with regular shortages of food and basic goods. During recent rough winters, people in Bucharest would often walk home from work for miles in semi-darkness - public transport was scarce and electricity was limited to economise energy - their boots never properly drying.

The system of internal repression is one reason why Romania, last of the East European dominions to fall, is as different from the others as they are from one another. It has no

mass workers' movement, as Poland did; no semi-open network of opposition, like Hungary; no Christian-socialist opposition, as in East Germany; and no composite body of intellectual dissidence, as in Czechoslovakia.

Further, all of these countries above had at least the stirrings of a reform movement within their ruling Communist Parties, visible at close quarters. Romania has shown none of that. Its political culture, inside and out of the Communist Party, has been either unimaginably low, or inert, or fragmented and terrorised. There thus seems little possibility of the opposition providing an alternative government or part of it, as Civic Forum has done in Czechoslovakia and Solidarity in Poland. On their own estimation, they are disorganised and demoralised: brave - necessarily called upon to show more courage than any other East European dissidence movement - but so far hopeless.

One such dissident, Ms Doina Cornea, a former professor of French at the University of Cluj, wrote in an open letter she sent to

the West in September that the Romanian intelligentsia has, for the most part, decided on discretion. "They stay quiet, moderately obedient, and want nothing more than to be allowed to practise their professions, without assuming any

Even within military ranks there was great dissension.

risk or troublesome responsibilities in the name of truth, justice or their unexpressed moral beliefs. In order to save their consciences, they constantly search for pragmatic justifications. Doesn't this duplicity, these changes from accomplices of evil, since they do not take any stand against it?"

Ms Cornea herself was dismissed from her job, and has been threatened with death and constantly harassed. So has Dan Petrescu, a writer, after giving a telephone interview to the indefatigable Radio

Free Europe. In that, he spoke of a "network of corruption" in the society, the lies of Mr Ceausescu (denying, for example, that there were any shortages in Romania while the shelves were bare).

Ms Cornea's open letter and Mr Petrescu's interview are signs which, with others, point to a slightly greater activity on the part of dissidents in recent months. Earlier this year, six prominent intellectuals signed a letter of protest against the regime; and the fact critics have remained, while harassed, at large may have pointed to a hesitancy in moving against them. It may be that there is a sufficiently large network now to constitute - if conditions allow - a movement within which a new civil force can develop over time.

But again, that hope is moderated by the evidence of the dissidents themselves. Mirosca Iorgulescu, a literary critic who sought asylum in France (the spiritual home of much Romanian dissidence) has said in interviews that nothing can be achieved in Romania, even with the death of Mr Ceausescu, and that

legal resistance was impossible (as it has proved).

However, he has also spoken of some in the Communist Party who placed their hopes in Mikhail Gorbachev as a bringer of reforms to Romania - thus pointing to the possibility that an alternative may now appear.

Last night, the military appeared to be making attempts to provide at least a transitional authority. But even within their ranks there was great dissension, with units remaining loyal to the Ceausescu regime, and others siding with the demonstrators who were seeking its downfall.

If some strong central authority does not coalesce rapidly, regional and ethnic aspirations are likely to increase in importance, along with the urban insurrections in Bucharest and Timisoara. Mr Ceausescu's fate may depend partly on what the military does, but whether they can organise themselves or not, he will leave behind a country in chaos, with no immediately responsible administrative authority that could be acceptable to the population.

Megalomaniac projects that helped end a 24-year reign

By Leslie Collett and Andrew Marshall

PRESIDENT Ceausescu was toppled from power just as he was about to take possession of the latest in a series of megalomaniac projects which had bedeviled Romania and its people while he ruled.

An enormous Presidential Palace crowning the new Boulevard of the Victory of Socialism in Bucharest was being readied for occupancy by Mr Ceausescu and his wife Elena.

The boulevard itself was ploughed through landmarks of old Bucharest with the ruthlessness that characterised the shoemaker's son from Scornesti village.

Even the course of the meandering River Dambovita was altered and fountains fitted to gush plumes of water into the air to suit his imperial concept of old Bucharest. The sands of completed flats in the white buildings flanking the grandiose boulevard remained empty until his lavish palace was completed.

Empty gestures were not confined to the architectural. It was Nicolae Ceausescu's proud claim that under his leadership, Romania had paid back its entire overseas debt, liberating the country from the grip of foreign bankers. But in so doing, he put paid to one of Eastern Europe's more successful economies, and the sacrifices he imposed on the Romanian people as a result helped to bring down his 24-year reign.

The country borrowed heavily in the 1970s to build its heavy energy-intensive industrial base. In 1981, total external debt stood at some \$11bn, and in that year the government set about to reduce it.

In a speech to the Central Committee plenum on April 12 this year, Mr Ceausescu announced that the country had repaid its entire external debt. A series of advertisements placed in western newspapers proclaimed that "at the end of March this year, the country had reached a point where - for the first time in its history - it owed nothing."

Between 1975 and 1988, \$21bn of debt had been repaid, the adverts claimed, including \$7bn of interest payments.

The details of the repayment are subject to some dispute, given the uncertainty of all figures connected with Romania. What no-one doubts is that in an effort to isolate the country from foreign influence, Mr Ceausescu forced the country into a tight economic strait-jacket.

According to Romanian estimates, over 7 per cent of output was devoted to net exports. Imports contracted, and output was totally devoted to the pursuit of hard-currency exports, such as refined oil products, foodstuffs, and some consumer goods, which were sold to the West and the East bloc.

Under this drastic and senseless policy, imports were treated as a luxury. The flows of western capital and consumer goods dried up, food and

energy were rationed, and the country's agricultural system came close to collapse.

Unlike the towering Presidential Palace, the limy lift main supermarket in the heart of Bucharest was anything but a showcase for the dictator. Endless shelves displayed tins with turmps, while the meat section was reduced to mealy sausage and piglet trotters. On his occasional inspection hours President Ceausescu was taken to a farmer's market which had been crammed with produce in advance of his visit.

Most Romanians had long since forgotten that their country was once a land of milk

ing advice and criticism.

Just as the neglect of agriculture and over-ambitious industrialisation were prime factors in the impoverishment of Romania, its fertile countryside could become the source of an economic recovery. Romanian peasants need incentives instead of punishment and they will be able to feed the country adequately and export the surplus. Industry, however, is a shambles. The giant refineries and chemical plants were built on reserves of oil which were virtually depleted by the end of the 1970s and came to depend on imports from Iran, Iraq and



Ceausescu's new Presidential Palace, on the Boulevard of the Victory of Socialism in Bucharest

and honey, albeit unequally spread in pre-war Romania's semi-feudal society. In recent years, even flour for bread was mixed with oats, while meat and salmon were exported for hard currency. Agriculture was run into the ground by central planners who ordered peasants to list every pig and chicken on their household plots so that the state would make up for the enormous losses of the collective farms. Stomatizara, the levelling of villages to make way for multi-storey flats housing uprooted peasants, was Mr Ceausescu's most enduring claim to international notoriety. As with so many grand projects in Romania it was so slow off the ground that little more than a dozen villages, mainly in the Bucharest area, were affected. But plans were in train to allow many villages in Transylvania, with its large ethnic Hungarian population, to wither away and to consolidate the population in agro-industrial centres.

Romania is left strewn with "investment wrecks". A canal linking the Danube with the Black Sea was built at enormous cost but days pass when not a ship can be seen apart from maintenance vessels. Yet the president was determined to build yet another, even grander canal, this time linking Bucharest and the Danube. It may well have to be scrapped before more money is squandered.

On a typical inspection trip to one of the construction sites of Bucharest communism earlier this year, the president pulled out his folding pointer and jabbed the air to underscore his comments. As Mr Ceausescu pointed to where he wanted construction equipment moved and the first buildings to rise, the faces of nearby engineers and directors grew ever longer. Elena Ceausescu was nearly always just a few steps behind him, whisper-

ing advice and criticism. Energy shortages will continue to be one of the main bottlenecks of the economy. A significant oil and gas exporter, but as demand for energy from domestic industry grew, and as reserves have been depleted, shortages have grown. Crude oil output decreased from 14.6m tons in 1975 to 9.4m tons in 1988.

Energy distribution has also been a big problem. Blackouts are common and last year, in an attempt to secure energy production, troops were put into power stations. Petrol is in such short supply that even the monthly ration of 20 to 30 litres per car could not be supplied recently. Since 1984, the government has imposed periodic curfews of heat and light and banned the driving of cars for four months at a time.

The nuclear energy programme was a costly white elephant. Nearly 10 years of co-operation with the producers of the Canadian Candu reactor has not yet produced an operating nuclear power station, although massive amounts of money and cement have been poured into the Cernavoda reactor site.

The steel industry was a loss-maker from its inception, using Soviet coal and western iron-ore to produce steel which was dumped in the West. The president's ventures into the high-tech realm, especially aviation, were purely for prestige. Thus, the licence to produce the BAC 1-11 ended in disaster. Romania was able to turn out only a few of the aircraft on its own and was unable to sell any of them.

"Building the Golden Dream of Communism" was the way that President Nicolae Ceausescu described Romania's economic strategy. To his impoverished countrymen, striving in ill-lit, unheated flats, their children suffering from rickets, it must seem to have been fool's gold indeed.

FINANCIAL TIMES

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\$bn, annual totals	1985	86	87	88
Trade balance	2.5	2.0	1.5	1.0
Current account	1.5	1.0	0.5	0.0

Source: EU



Nicolae Ceausescu, with his wife Elena beside him and a portrait of himself behind, addressing a crowd outside the Communist Party Central Committee building in Bucharest last month



own Soviet republic of Moldavia - half of which was taken from Romania under the Molotov-Ribbentrop pact of 1939 - may be inspired to seek reunification.

Indeed, posters demanding justice that were seen on the streets of Kishinev, the Moldavian capital, yesterday, as thousands demonstrated against Mr Ceausescu.

Two reactions in the corridors of the Congress of People's Deputies in Moscow summed up the extremes. An

unidentified, but obviously die-hard conservative (Communist) deputy, watching the Soviet news agency screen for the latest information, was heard to say: "They have surrounded us on every side."

Another radical deputy from the Baltic put it differently: "That leaves only two dictatorships, us and Albania," he said. Many of the radical deputies were angry yesterday at the failure of Mr Gorbachev to come out more quickly and forthrightly in his condemnation of the Ceausescu regime, and his massacre of demonstrators in Timisoara.

Finally, yesterday morning, as the regime was tottering to its end, Mr Gorbachev presented a statement to the Congress of Deputies, expressing "grave concern" at the reports of casualties, and expressing the hope that "ways will be found urgently in Romania to solve the existing problems peacefully, and in the spirit of tolerance, humanism and respect for human rights."

The motion was carried by 1,809 votes to 32, with 65 abstentions - the last almost certainly radicals demanding a far more explicit statement.

In contrast, coverage of the events by Tass, the Soviet news agency, continues to be extraordinarily outspoken for such a cautious medium.

"The dictator has fallen" was the headline on one despatch, attributed to Romanian radio, and "Nicolae Ceausescu on the run" followed soon afterwards. For lack of a clear Soviet statement on his demise, the agency instead reported Mrs Margaret Thatcher welcoming it as "remarkable news for the people of Romania and all of us".

It also quoted without comment the East German government's decision to strip Mr Ceausescu of the Order of Karl Marx.

EC salutes courage of the people

THE European Community yesterday saluted the courage of the people of Romania, and solemnly reaffirmed its willingness to provide the immediate help and co-operation of which the country had been deprived by the Ceausescu regime.

Meeting in a special session in Paris yesterday, the 12 foreign ministers issued a joint declaration praising "the courage of the people of Romania, who have reconquered their freedom".

The ministers, who were in Paris for a joint meeting with their opposite numbers from

the Arab League, paid tribute to the recent suffering of the Romanian people. "Ceausescu has fallen," said the statement. "To carry off this victory, the people of Romania have paid a heavy price: the burden of tyranny over many years, the massacre of the innocent in recent weeks."

"The Foreign Ministers of the Twelve think first of the many victims and of their families, to whom they express their deep sympathy. They also salute with emotion the courage of the people of Romania who have reconquered their freedom to which, like all other

people, they are entitled." The ministers said they expected that Romania would now resume its full participation in the processes of the Helsinki agreement which had been defiantly flouted by the Ceausescu regime.

Mr Roland Dumas, the French Foreign Minister, chairman of the European Community, was applauded in the close ministerial meeting when he announced the news of the fall of Mr Ceausescu. He said afterwards that he thought the Twelve would announce that they would help the new regime.

The 'Great Conductor' out of tune with his people

By Robert Mautner, Diplomatic Correspondent

THE OVERTHROW of President Nicolae Ceausescu marks the end of almost the last orthodox Communist regime in Eastern Europe - only the Albanian domino remains standing - and the end of a reign of despotism which was equalled only by Josef Stalin himself.

In many ways, the 71-year-old cobblers' son from a peasant background who rose to become the East bloc's youngest leader in 1965 at the age of 47, was an archetypal dictator. He built up a cult of personality for himself and his family which, if it had not had such serious consequences for the population of Romania, would have made him into an international laughing stock.

Described variously in official literature and on hearings throughout the country as the Great Conductor, the Genius of the Carpathians and the clear-sighted leader of the entire Romanian nation, Mr Ceausescu turned his country into a feared family fiefdom.

Many of Mr Ceausescu's close relatives, and in particular his ambitious wife Elena,

rose to positions of great influence for which their own meagre talents certainly did not qualify them. Elena, who claimed to be a chemical engineer, was elected to the Central Committee in 1972 and later rose to be Deputy Prime Minister in charge of national research and education.

The shelves of bookshops in Bucharest are almost as full of her scientific works, said to have been written on her behalf by others more qualified, as they are of the president's own numerous works.

His brother, Ilie, was given a high political post in the army, another brother was made editor of the Party newspaper and his son, Nicolae, was put in charge of the Young Communist League.

Though Romania's Communist regime was consistently repressive and Mr Ceausescu strongly resisted the wind of glasnost and perestroika which blew from the Soviet Union after Mr Mikhail Gorbachev's advent to power in 1985, the deposed president has not always been pilloried by the West. Since he could never be

accused of undermining the leading role of the Communist Party, as Mr Alexander Dubcek was in Czechoslovakia in 1968, successive Soviet leaders allowed him to build up a measure of independence within the Warsaw Pact which won the admiration of the West.

Among the international actions which won Mr Ceausescu praise on this side of what was then still very much an Iron Curtain were his strong condemnation of the Soviet invasion of Czechoslovakia; his refusal to allow Romanian forces to participate in Warsaw Pact manoeuvres abroad; or to permit foreign exercises to take place on Romanian territory; and his refusal to join other communist states in breaking diplomatic relations with Israel during the 1967 Arab-Israeli war.

More recently, Mr Ceausescu also condemned the Soviet invasion of Afghanistan in 1979 and consistently maintained close relations with China during the long years of Soviet-Chinese hostility.

During the Vietnam war, Romania was the only country

which had diplomatic relations with the US, North Vietnam, Cuba, China and the Soviet Union at the same time. Indeed, Mr Ceausescu used to delight in bringing the ambassadors of all these countries together over dinner or at a luncheon party.

This spirit of independence, which earned him an honorary knighthood, bestowed personally by the Queen during an official visit to Britain, stood Mr Ceausescu in good stead, at least as far as the West was concerned, for a number of years.

But the international good will he had so painstakingly built up over the last few years was frittered away, as it became obvious that the Romanian president was unwilling either to introduce the market-oriented economic reforms which would improve the living conditions of his impoverished population, or subscribe to the human rights provisions of the East-West Helsinki and Vienna agreements.

The restrictive economic policies which led to the repudiation of Romania's interna-

tional debts early this year, but at the same time subjected an already deprived population to severe fuel and food shortages, did not meet with the approval that Mr Ceausescu obviously expected to earn from the West.

Romania's relations with the outside world were soured further by the president's recent policy of raising whole villages in the countryside and herding their inhabitants into new agro-industrial complexes, which led thousands of ethnic Hungarians to flee the country.

At the end, even foreign governments, such as the British, which normally scrupulously adhere to the diplomatic convention of not interfering in the internal affairs of other countries, however obnoxious, openly called for the overthrow of the Ceausescu government.

It was a measure of the megalomania afflicting him that the Romanian despot thought he could withstand the wind of reform and liberalisation which had successfully brought down the Communist regimes of all his other Eastern European neighbours.

OVERSEAS NEWS

Enthusiasm starts to fade for Washington's invasion of Panama

Questions are already being asked about the length and nature of America's commitment, Peter Riddell, US Editor, reports

THE initial euphoria in Washington over US military intervention in Panama on Tuesday is fading. President Bush still enjoys widespread political and public support for his decision - around 80 per cent, according to several opinion polls.

But questions are being asked about the length and nature of the US commitment and the viability of the Endara Government, which was sworn under Washington's aegis one hour before the military operation.

The doubts have been prompted by the failure to capture General Manuel Antonio Noriega, the Panamanian dictator, whose removal was the prime objective.



Bush: frustrated Noriega escaped; a US soldier in Panama

Canal; the precedent of the Suez crisis of 1956 suggests that a host country is unlikely to disrupt the operations of a canal for long, and can easily run it without the help of Western countries.

The biggest problem is over the internal politics of Panama. Mr Bush has maintained for some time that the US argument is with General Noriega - an indicted drug-trafficker who illegally seized power - rather than with the Panamanian people or their regular forces.

President Endara may have won last May's elections overwhelmingly, but the intervention of US forces has prevented the votes being counted properly. It has not helped that President Endara and his two vice-presidents were sworn into office an hour before the military action.

Row over Japan discount rate flares again

By Ian Rodger in Tokyo

A RARE public row between the Bank of Japan and the Japanese Government over the need for an official discount rate increase flared again yesterday as Mr Yasushi Mieno, the bank's new governor, hinted publicly that he believed a rise was necessary.

Mr Mieno said in an interview with the Nihon Keizai Shimbun, Japan's leading business newspaper, that the situation would require us to take stronger measures than we could take right now.

Analysts who study Bank of Japan operations point out that Mr Mieno has been at the heart of the bank's operations for several years and would know better than to try anything on even if he had the time to do it between his courtesy calls.

The governor in effect acknowledged the finance ministry's ascendancy in the interview. He pointed out that "because monetary policy is a matter of national concern, it is impossible to ignore opposition from others".

Indian call for curbs on imports

By David Housego in New Delhi

TIGHTER CONTROLS on importing manufactured goods and the slowing down of big capital projects requiring large purchases of foreign equipment are advocated in a government-commissioned White Paper released yesterday, as measures needed to improve India's balance of payments position.

Lithuania's conflict with the Kremlin dampens festivities

Quentin Peel reports on growing rebellion in the Baltic state

WHEN Lithuanians get an official holiday for Christmas Day on Monday, for the first time in 40 years, their celebrations will be dampened by the prospect of a growing confrontation with Moscow.

Indeed, if Mr Mikhail Gorbachev has a bitter sense of humour, he might even summon an emergency plenum of the central committee of the Soviet Communist Party on Christmas Day, to thrash out the whole issue of Lithuania's rebellion.

US durable goods orders up by 5.1%

NEW ORDERS for durable goods in the US increased by 5.1 per cent in November, following smaller declines in the previous two months, Anthony Harris reports from Washington.

Aircraft orders were the biggest factor, but there were also significant rises in orders for vehicles and communications equipment. The volatile defence series picked up, with a rise of 15.6 per cent in new orders for capital goods, mainly aircraft.

EC and Arabs in bid to relaunch stalled dialogue

By Stefan Wagstyl in Tokyo

THE European Community and the 22 members of the Arab League made a symbolic attempt to relaunch their long-stalled dialogue at a ministerial meeting in Paris yesterday, when the two sides agreed to meet again in January.

Tokyo departs 301 boat people

By Stefan Wagstyl in Tokyo

JAPAN has deported 301 Chinese boat people who, it says, entered the country illegally posing as Vietnamese refugees.

Reported in Japanese newspapers and television but aroused little reaction from the general public or from overseas - in contrast to "international criticism of Britain's deportation of Vietnamese refugees from Hong Kong, Japan intends to deport 1,367 more people it has identified as Chinese, as soon as Peking confirms their nationality.

Peking: About a third of the 25,000 Chinese students awaiting visas to study English in Australia have been rejected under Canberra guidelines that appear to contain a pre-determined failure rate.

Public procurement pact eludes EC

By Lucy Kellaway in Brussels

EUROPEAN industry ministers yesterday ended a marathon meeting on the single market without agreement on public procurement, one of the most important items on the agenda.

erected around the Community - and those such as France and Italy, which argue that the Community should protect its markets in public procurement, especially when other trading blocs have their own protectionist measures.

ditional on the outcome of the Gatt talks. The other main sticking point - whether certain sectors could be excluded from the rules - was not resolved. The UK has argued that upstream oil and gas purchasing should be excluded, while West Germany and Spain have asked for concessions to cover the coal market.

It does not believe export growth exceeding depreciation will be enough on their own to stem the rise in the trade deficit but argues that quantitative controls on imports will also be necessary.

Collor to fight inflation

By Fernando Collor de Mello

employed civil servants. Pressure had been growing to advance the hand-over of power in the light of growing concern over inflation - now touching 85 per cent a month.

But Mr Collor, who on Sunday won 326 votes to defeat his socialist rival Mr Luis Inacio Lula da Silva, by a 4m margin, said the constitutional term of outgoing President Jose Sarney must be completed.

Christmas spirit is more alive in Belfast than in Jerusalem

Hugh Carnegy in the Holy City writes to his Auntie Audrey in Northern Ireland, looking at the season of goodwill

Dear Auntie Audrey, I hope you won't be too surprised to receive a letter from me this way, but you know how bad I am at ever sending one through the post. I was wondering how Christmas was this year in Belfast and thought you might like to hear how it is in the Holy Land where, so to speak, it all began.

Archbishop Desmond Tutu arrived in Jerusalem yesterday for a Christmas visit to the Holy Land that has discomfited Israelis unhappy about what he calls "worrying parallels" between South African treatment of black unrest and Israel's responses to the Palestinian uprising in the occupied territories, Hugh Carnegy reports from Jerusalem.

Christmas tree this week, but then - in one of those little ironies of life here - it was a gift from the Jewish National Fund, which runs much of Israel's forests.

At Hanukkah, Jews celebrate the re-dedication of the Temple - specifically the rekindling of the Temple lamp - after the Maccabees recaptured it from the Greeks in 164 BC. They exchange gifts, but not to the exorbitant extent that we do - unless you count the Holy Sepulchre.

preaching on Christmas Eve in Bethlehem, now a sad place. Like most West Bank towns, its shops are largely shuttered and smeared with layers of graffiti and the black paint the Israelis use to cover the slogans. It feels like the Falls Road after a riot, sullen and suspicious.

altars and shrines under ghostly remains of mosaics on the walls. The grotto where Christ is said to have been born lies down precipitous stone steps. It is draped with musty wall hangings.

EC inflation fear European Community inflation likely to reach 5.6 per cent this year compared with 4.4 per cent in 1988, the EC statistics office Eurostat said, yesterday, Reuter reports from Brussels.

Mandela hopes rise

South Africa's black nationalist leader Nelson Mandela will not be released before the new year, state radio reported yesterday, Reuter reports from Johannesburg.

The pre-government Citizen newspaper said that late January or early February was considered the time most likely for his release.

Hugh

UK NEWS

Workers at Ratcliffs applaud rescue plan

By Richard Tomkins, Midlands Correspondent

WORKERS at Ratcliffs (Great Bridge), the West Midlands copper rolling mill closed by its management after the breakdown of pay negotiations, have given an enthusiastic response to rescue plans.

Mr Terry Askey, Dudley district secretary of the Transport and General Workers Union, said 227 of the 232 employees had returned forms expressing an interest in working at the company under new ownership.

The forms were distributed by the union at the end of a mass meeting on December 17 at which Mr Askey told the workers that he was in touch with an unidentified Midlands company interested in taking over the plant.

The employees' response was critical to the rescue plan because the existing management had blamed the closure on intransigence by workers in refusing to accept a new pay and productivity deal.

Ratcliffs' closure was announced in seven months after the 200-year-old company, then quoted on the stock market, was bought through a £12.5m management buy-in organised with City backing.

Mr Michael Hearn, the incoming chairman, had previously turned round Electrobus, the West Midlands washing machine manufacturer, and was trying to do the same at the loss-making rolling mill.

However, negotiations over a pay and productivity deal broke down in November with workers, management and the union blaming each other. Amid mounting losses, Mr Hearn closed the plant on December 21.

Mr Askey has been trying to investigate a rescue of the rolling mill by telling potential buyers that the customer base still exists and that the workers will accept a pay and productivity deal if it is under different ownership.

If a rescue does succeed, the workers stand to benefit not just through regaining their jobs, but also through receiving substantial redundancy payments from their former employer.

It is unlikely, however, that all the plant would re-open. Mr Askey said the foundry and casting section was difficult to operate economically on the lower volumes of copper and brass experienced by Ratcliffs in recent years.

Seasonal surge in sales at John Lewis stores

By Maggie Urry

DEPARTMENT stores in the John Lewis Partnership witnessed a sudden surge in sales last week in the run-up to Christmas. The stores achieved record sales of £37m in the week ending last Saturday - 3.6 per cent above the level in the same week last year.

The gain was achieved in spite of heavy rain and snow as well as the flu epidemic, which would have put off shoppers.

Sales in the group's Waitrose supermarkets rose 7.1 per cent over the same week last year to nearly £22.5m. However, sales in the department stores for the 20 weeks up to December 16 are still below the budgeted level of a 5 per cent rise, showing gains of only 2.5 per cent over the same period in 1988.

The sales figures reflect the fact that it has been a dull time for retailers, as high interest rates have dampened consumer spending and compensatory gestures of goodwill.

The second was more traditional. With Christmas post increasing the workload for postal workers and sorting office staff, the Royal Mail decided to give its workers a bumper Christmas Fack with discount vouchers for items

Banks charged up over disclosure of their fees

David Barchard examines the changes designed to stimulate competition in the credit card industry

SCARCELY has the collective self-esteem of the large banks received a nastier shock than it did on Thursday when Mr Nicholas Ridley, Trade and Industry Secretary, announced moves to stimulate competition in the credit card industry - including his insistence that the banks must disclose full information about their charging systems.

Mr Ridley has, in effect, come down heavily on the side of the retail chains, the banks' main adversaries in the credit card business. His proclaimed intention is to strengthen the retailers in their negotiations with the banks on the pricing of credit card charges.

All this is in remarkable contrast to the tone of the Monopolies and Mergers Commission report published in August by which Mr Ridley was making his formal response.

The report accepted that stiff competition had emerged in the credit card industry, dominated until the early 1980s by two cartels - Visa and MasterCard (Access). It made only two recommendations, neither of them particularly fearsome to the banks.

One was that credit card organisations should allow new members to sign up with retailers as soon as they joined rather than force them to wait until they had issued a large number of cards.

The other was the ending of the "no discrimination rule" which forbids retailers to



Variable bills: paying by credit card may start to cost customers more than cash transactions

charge customers less if they pay by cash. The first proposal was prompted by a row between two new entrants to Visa - Midland and NatWest - who were forced by Visa to wait until they had issued more than 500,000 Visa cards before they could start signing up retailers for Visa.

The stipulation appeared to favour existing members of Visa, such as Barclays and Lloyds, just when the banks were competing for the first time to sign up retailers for combined MasterCard and Visa services. As a result, relations between Midland Bank and Visa were distinctly chilly.

This recommendation was immediately accepted by the Government when the report was published, although Visa and the Office of Fair Trading are still locked in what Visa describes as "very friendly negotiations".

Ms Carol Walsh, Regional General Counsel at Visa, said: "It is accepted by Visa and the OFT that the recommendation is not all clear. Visa is applying for a judicial review on some points of the report, since it believes that it cannot be held to be part of a complex monopoly defined by the MMC because it does not provide credit card services directly."

Mr Ridley has now asked Sir Gordon Borrie, Director General of Fair Trading, to seek undertakings from Visa and MasterCard that they have lifted the restriction. Ironically, Midland and NatWest are now applying a similar restriction on Barclays and Lloyds by insisting that if they join the Switch debit card system, they must be willing to issue cards in significant numbers and not just sign up retailers.

The second proposal - the ending of the "no discrimination" rule - has been fought

by some retailers, notably petrol stations. Consumer groups also favour it, arguing that customers who pay cash are subsidising those who enjoy a period of free credit by paying with a plastic card.

His again was a change the banks had steered themselves to accept if necessary, although they warned that some retailers might charge customers paying by plastic card more than the commission on card payments, which the banks say is now down to an average of less than 2 per cent.

Mr Ken Bignall, chief executive of Barclaycard, said: "We do not oppose the ending of the rule in principle but believe that it will lead to surcharging for credit card transactions which will have an inflationary effect."

The banks know that most of the larger retailers are as committed as they are to phasing

out cash payments and replacing them by electronic methods. However, the retailers dislike the commissions they pay on credit cards and prefer debit cards, on which they pay a much smaller flat fee.

According to the Retail Credit Group, the large retailers pay an average weekly five times as much for accepting credit cards as they do for debit cards.

Retailers also dislike not having full freedom to set their own prices because of the no discrimination rule. They now have the backing of Mr Ridley, who told parliament this week that the rule was a serious restriction on competition.

The dropping of the rule seems likely to produce a series of commercial squabbles and perhaps claims of unfair treatment by smaller retailers from consumers.

The real sting in Mr Ridley's message, however, is his insistence that the banks disclose

full information about their charging system, covering commissions to retailers and the interchange fee which banks pay each other on credit card transactions.

The interchange fee is usually a flat 1 per cent paid by the retailer's bank to the bank which issued the card used in the transaction. The charge is the main source of earnings for the banks on the retailer side of their credit card business and, as such, has been under fire from retailers for some time.

The retailers want to see the commissions they have to pay falling close to the cost of handling the transactions.

Mr Gerald Solomon, senior manager for UK retail business at Lloyds Bank, offers several reasons for the charge. He says the average commission from retailers of 1.8 per cent is below the cost of funding the interest-free credit given on credit cards, even before transmission expenses have been paid.

Another possibility if the interchange fee is removed is that smaller banks would lose the income they make on their credit card offers. Some might find a way out by following Lloyds, who are introducing a £2 fee on its Access card next month and making a charge to cardholders. Others might stop issuing cards.

That, the banks say, would mean much less competition in the market.

Drinking water to be checked

By John Hunt, Environment Correspondent

AN inspectorate to monitor the quality of drinking water supplied by the privatised water companies has been set up by Mr Michael Howard, the Environment Minister.

The drinking water inspectorate will be charged with ensuring the supply of wholesome drinking water and to check for failure to comply with water quality regulations introduced earlier this year.

It provides the machinery for the Government to keep a watch on standards now that water supply is no longer in the public sector.

The move reflects the Government's anxiety to improve Britain's water as it is being taken to the European Court by the European Commission for failure to comply with the EC's water quality directive.

Mr Chris Patson, the Environment Secretary, can take legal action against a company failing to supply wholesome water. However, the new inspectorate, which is expected to have a staff of 24, will be auditing the water quality tests taken by the companies. It will not have a laboratory of its own, but it could contract out tests.

This brought strong criticism from Mr Andrew Lees, of Friends of the Earth, who said the inspectorate allowed the water companies to have a poacher and gamekeeper role.

Andrew Lees writes: The 29 water companies which formed Britain's water supply industry before the recent privatisation of the 10 water and sewage companies for England and Wales,

will have to wait until after Christmas to hear the outcome of negotiations with the Environment Department on price increases.

The Government had hoped to announce this week the "K factors" - which limit the amount by which each company can raise its charges above inflation. The DoE is understood to have improved the K factors, but will probably not announce the price caps before the new year.

The 29 statutory companies embarrassed the Government earlier this year when they announced hefty price increases, which they said would help put them on the same footing as the larger water authorities. They learned their K factors in August.

Two arrested at site of arms cache

By John Griffiths

TWO men were questioned by police yesterday after a cache of high explosives and weapons had been found on the west Wales coast.

The men - believed to be Irish - were detained on Thursday night under the Prevention of Terrorism Act. Commander George Churchill-Coleman, of New Scotland Yard's anti-terrorist branch, said the men, aged between 25 and 30, were not known terrorists. They had not yet been identified.

The arrests were disclosed by Mr Ray White, Chief Constable of Dyfed-Powys. Police had mounted the operation following the discovery on November 3 of a cache containing 100lbs of Semtex explosives, hand guns, rifles and detonators buried close to the coastal path at Newgale. Mr White said there were enough explosives in the cache to make several bombs.

The cache was buried close to RAF Brawdy and to a US Navy listening base, but Mr White would not speculate on any possible target.

Police were also examining the possibility of a link with the murders of Peter and Gwendolyn Dixon, whose bodies were found a few miles along the same path in July.

Downturn in car output expected to continue

By John Griffiths

UK car production last month entered a decline which is expected to last at least into the early months of next year. Provisional figures from the Central Statistical Office show that car output, seasonally adjusted, fell to 104,000 last month, compared with 113,000 in October and 111,000 in November last year.

Much of the fall is accounted for by Rover Group, which has had brief lay-offs to cut output of its Rover 300, Montego and Maestro models. It plans further cuts next year.

Rover has said that the action is mainly seasonal and that "we don't have the option, as the manufacturers do at this time of year, of simply reducing the level of imports from Continental plants".

Taking the latest six-month period as a whole, total car output was only marginally up on the previous six months, with production for export increasing by 3 per cent.

Compared with the same period a year ago, total output was 2 per cent higher, with export production up 15 per cent.

Provisional figures for commercial vehicle production, at 29,300 units, seasonally adjusted, also show a fall from October's 33,100 level but no change from the previous November.

However, output for the latest six-month period was 49 per cent below the previous six months, a sharp fall in heavy sales early next year.

Aggressive pricing on drug

By Peter Marsh

SMITHKLINE BEECHAM, the Anglo-American drug group, has adopted an aggressive pricing policy for Emstane, a new medicine for treating heart-attack victims which the company plans shortly to sell in the US.

Emstane will sell for \$1,700 (\$1,065) an injection, about 500

below that of a similar drug which is already on sale in the US and is supplied by Genentech.

Both Emstane and the Genentech product - called Actisave - work by unblocking the blood clots which form in a heart attack and which often cause death.

Labour points to record homeless total

By Alison Smith

THERE WILL BE a record number of homeless people on the streets this Christmas, the Labour Party has warned.

Mr Alfred Morris, shadow Minister for the Disabled, told a London meeting that homelessness had doubled since 1979, and that some 120,000 families had presented themselves as homeless this year.

"Christmas this year may not see any spending records in the shops, but there will be a record in the streets," he said. "A record number of homeless people in Britain. That there will be room for most of them indoors at Christmas owes nothing to the Government's efforts and everything to charitable endeavours."

One of the causes of the increase was the emptying of long-stay mental hospitals. Mr Morris said the Government was concerned about homelessness.

Over the next two years, the Government had allocated an extra £250m to tackle homelessness in London and the south-east.

Scrooge puts a damper on corporate Christmas festivities

Rachel Johnson and Jane Fuller find that economic stringency has taken its toll of traditional seasonal largesse

CHRISTMAS bonuses, yuletide gratuities, seasonal gifts - call them what you will, should all be as joyous a part of the festive season as the annual corporate bean.

Yet the compliments of this season have been less lavish even than usual, although there are a few heart-warming exceptions to the sorry tales of seasonal stinginess.

First in ranking must surely be the £150m pay-out Santa Ridley bestowed on Barlow Clowes investors in a well-timed compensatory gesture of goodwill.

The second was more traditional. With Christmas post increasing the workload for postal workers and sorting office staff, the Royal Mail decided to give its workers a bumper Christmas Fack with discount vouchers for items

such as ferry trips to the Continent and colour television sets. The third act of unprecedented seasonal bonny this year comes from the offices of Addison Lee, one of London's largest minicab companies. Mr John Griffin, the chairman, says all his drivers enjoyed an office party at London Zoo.

In this year's bonus round, both private sector and public received an extra week-and-a-half's salary. In other years only managers were paid the extra; however, supervisors became so chuffed off that the discretionary payment system was amended.

Mr Griffin calls the taxi trade "a barometer of the British economy."

"We have experienced a dramatic drop in usage this year. Usually, estate agents are one of our best clients... but we get only half the number of

orders now because the market has collapsed." These few examples of seasonal generosity stand out in a year in which company after company has spoken of belt-tightening and the retail squeeze.

However, even in lean years companies appear loth to end promotional corporate hospitality, on which they spend about £2m a year. They can justify this as an essential marketing tool, while an ex-gratia bonus to loyal employees results as "free gift" on the bottom line.

In the City, bonuses have been out resulting in some painful consequences. Traders, brokers and dealers earn relatively small basic salaries and are supposed to top them up with hefty bonuses at the end of the year.

Securities houses normally set aside 10 per cent of their net profits to distribute as bonuses. Yet if the house expects to make a loss rather than a profit, the salesman's bonus is treated as the icing on a non-existent cake, and is the first thing to go.

At Nikko, the Japanese securities house, one trader - who he reasons of pride will not be named - has had his annual review and now wants to quit. With a basic salary of £22,000, he was awarded a mere £2,000 after what he considered to be a singularly productive and hectic year.

Warburg's, the UK securities house, recently surprised the City with its healthy results; but like staff in most other City institutions, Warburg's employees still have to do without a Christmas bonus.

Among the top four Japanese securities houses, Nomura, is singled out for generosity. "It is more like a US investment bank and pays like Americans," sighs a corporate financier at Yamachi, where staff are limited to a maximum bonus of £10,000.

Paying like Americans means paying a lot. One story doing the rounds this year is that all five traders on the Japanese equity warrant desk at one US investment bank received \$1m in their Christmas stockings.

According to Industrial Relations Services, this year has not been that unusual, in spite of the squeeze on corporate profits. In some cases, that squeeze has been just the pretence. Executives and managers have waited for so as to cut bonuses altogether.

The Industrial Relations Services (IRS) December survey of the "extent of employees' largesse to their employees as the season of goodwill approaches" in its Pay and Benefits Bulletin, reveals that few UK employees will be receiving

extra payments this Christmas, although employees in retailing and banking do better than those in most other sectors. As a rule, paternalistic payments have been replaced by performance incentives.

Christmas parties too - the traditional office bono on the company - seem to be growing scarcer because, according to one theory, such an extravagance might appear indulgent in times of relative economic stringency.

Another explanation is the worry about drinking and driving, while some company PRs blame it on a lack of camaraderie among office workers.

Undeclared is to department heads to decide whether or not to have an office gathering at Christmas and provides facilities in-house. "Quite a few departments have not bothered in recent years," the company says.

Hanson, the Anglo-US conglomerate, has "a jolly dinner" at a local hotel for its 100 headquarters staff. It did not disclose the cost but described it as "a very generous occasion."

Commercial caterers have the market down to a fine art nevertheless. Moving Venue Caterers, based in London, provides parties in the London Underground, where party guests can browse around the instruments of torture but are forbidden to use them.

Ms Catherine Raymond, the MCV marketing executive, says the holidays is as high as ever, but some clients have reduced the amount they spend.

The Natural History Museum in London has been filled with corporate staff parties every night this month, but several companies have had to cancel because of a reversal of their economic fortunes, according to Mr Reg North, the museum's functions manager.

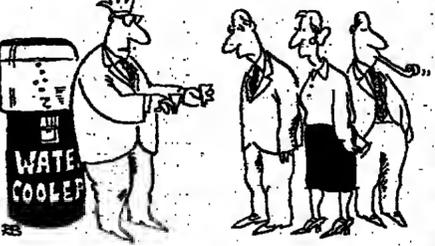
Robert Fleming, the securities' house, was unrelaxed to disclose that it spends about £50 a head to treat its 1,000 staff at the Café Royal. The concession to economy is that it no longer invites partners.

Meanness is in accord with the British tradition, according to IRS. Civil servants get no seasonal hampers. Public sector employees as a rule do not get Christmas gratuities. As London Underground puts it, only profit-making organisations share profits with their employees.

UK employers have always been mean to a fault compared with their European counterparts. Belgium, France and West Germany initially pay their employees 13-month salaries as a bonus.

Indignant UK employers, however, might want to point out that other countries tend to miss out on the "yuletide gratuity presentation." Choosing between a month's salary and a defrosted turkey could take all of next year.

IT'S NOT MUCH OF A PARTY, I'M AFRAID BUT PROFITS ARE DOWN THIS YEAR.



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LEGAL NOTICES. IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION THE HONOURABLE MR. JUSTICE MERVYN DAVIES MONDAY 19TH DECEMBER 1989 IN THE MATTER OF BUSINESS TECHNOLOGY GROUP PLC and IN THE MATTER OF THE COMPANIES ACT 1985. NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 19th December 1989 confirming the reduction of the Share Premium Account of the above-named Company by £1,700,000 has been registered by the Registrar of Companies on 21st December 1989.

UK NEWS

Compromise on ITV network plan

By Raymond Snoddy

THE Government has made its first significant compromise on broadcasting policy within a few weeks of publishing its Broadcasting Bill.

Ministers have accepted the arguments of Mr George Russell, chairman of the Independent Television Commission, which will replace the IBA, to impose a network.

But there is now no doubt that the Government accepts the need for a network.

The network issue is of fundamental financial importance to the future of commercial broadcasting in the UK. Without a national network each of the companies would have to make and pay for a higher proportion of programmes.

At the moment, the top five ITV companies make a high proportion of the programmes

that any bidder could cross the Government's "quality threshold" without having cost sharing arrangements on programmes with other licensees.

Mr Mellor said it would be wrong for the Independent Television Commission, which will replace the IBA, to impose a network.

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Mellor: accepts network shown nationally with smaller ITV companies concentrating on regional programming.

evaluate bids for franchises because no bidder would know how many programmes it would have to make to fulfill its programme obligations and therefore any budget would be unrealistic.

The white paper on broadcasting said any network provision should be left to the companies.

The ITC also asked the Government to think again on its plans to award commercial broadcasting licences to the highest bidder and to apply a quality criteria.

Mr Mellor said that it would be invidious for the ITC "to have to judge whether a lower bidder offered a quality of service which represented greater value for money than someone who had bid a larger amount."

Jay moves from Maxwell to BBC news job

MR PETER JAY, the former British ambassador to the US, is to become the BBC's business and economics editor, writes Raymond Snoddy.

Mr Jay, 52, a former economics editor of The Times, is leaving his post as "chief of staff" to Mr Robert Maxwell, the publisher, and will join the BBC's news and current affairs department early in the new year.

He will be responsible for a service of finance and business news and analysis to general programmes on television and radio. He will also manage coverage for programmes like The Financial World Tonight on Radio 4, and television's The Money Programme, which he will present.

Mr Ted Graham is also leaving his post as editorial operations director at Mr Maxwell's Mirror Group Newspapers.

Mirror moves into regions

By Raymond Snoddy

MIRROR Group Newspapers plans to take on the regional advertising market early in the new year with specially produced editorial inserts aimed at specific parts of the country.

It will be the first time that national newspapers have been able directly to take on regional titles such as the Manchester Evening News or the Birmingham Evening Mail in the battle for local advertising revenue.

Mr Robert Maxwell, publisher of Mirror Group Newspapers, was the first national publisher to install inserting equipment, although the Financial Times has followed hard on his heels and Mr Rupert Murdoch's News International plans to install the equipment next year.

The equipment, made by Ferrag of Switzerland, allows pre-printed inserts - everything from brochures and company reports to special

regional news or magazine sections - to be inserted into papers at up to 70,000 copies an hour, the same speed as the presses.

Mr Roger Eastoe, advertisement director of MGN, declines to say precisely what form the company's regional editorial initiative will take, but confirms that it will happen in the new year and will be backed by a concerted effort to sell regional advertising.

Mr Eastoe says the new technology gives MGN the ability to insert an advertising special about the opening of a shop in all copies of the Daily Mirror within a 25-mile radius.

"In the US, 10 per cent of advertising revenue in newspapers comes from inserting. I would like to think the same could happen in the UK within two years and possibly from year one," Mr Eastoe said.

There has been a positive reaction to experimental

inserts already carried in the Daily Mirror, and the first national inserts have already been carried for the Norwich Union.

"We already have considerable interest," he said, adding that he already had bookings for six inserts.

"We're looking at big potential," said Mr Eastoe, who is charging between £24 and £40 a thousand for inserts, depending on the number of pages and when they appear.

In the US the newspaper insert market was worth \$2.7bn in 1988. The West German figure was £140m and in the UK the total was £12m, most of it in colour magazines.

The Financial Times plans to begin inserting early in the new year with a rate of about 270 a thousand, although the paper will limit the number of inserts to one per issue of the paper.

Mr Richard McClean, deputy chief executive of the Financial Times, believed inserting would provide a significant revenue stream, particularly for papers like the FT with a closely targeted audience.

By leading the way in both the use of inserting and introduction of colour, Mr Maxwell believes he has kept his promise to use new newspaper technology to win advertising revenue back from commercial television.

Pay bill at Sharp will increase by 10.2%

By Michael Smith

SHARP, the consumer electronics group, has agreed a pay deal which will increase the pay bill for its 1,200 Wrexham, Clwyd, staff by 10.2 per cent.

The agreement, secured by the EETPU electricians' union, which has a single-union deal at the site, is a further indication of the growing pressure on companies to allow settlements at levels well above the 7.7 per cent rate of inflation.

It compares with other high settlements agreed at Nissan, the Japanese vehicles group, whose north-east of England workforce has recently won a 10.2 rise, and at the car workers this week accepted a 9.7 per cent rise in the first year of a two-year deal.

At Sharp, the basic increase is 7.5 per cent. However, the company has also agreed to introduce bonuses as part of a revised grading structure and to increase attendance allowances.

Ambulance union leaders predict grim Christmas

By Fiona Thompson, Labour Staff

AMBULANCE union leaders warned yesterday that the Christmas period would be particularly grim as soldiers and police try to maintain an emergency service to areas worst affected by the 14 week long dispute.

The Army was last night called in to cover the Hereford and Worcester area over Christmas and New Year, the busiest period of the year for the emergency service.

Mr Cliff Orme, chief ambulance officer, said the decision was made after union leaders were unable to guarantee adequate emergency cover.

"It left me with no alternative," he said. He hoped to be able to call off the army after the holiday.

In the West Midlands, all calls were going through to the army and the police after the regional health authority ordered that telephone lines into 20 of the 21 ambulance sta-

tions be cut. The ambulance crews had appealed to the public, doctors and hospitals to dial directly to their local ambulance stations.

Mr John Dempsey, regional officer in the West Midlands of NUPE, the main ambulance union, said yesterday that crews there used to have a good relationship with the chief ambulance officer. "But now the health authority's heads are in with their hobnail boots on."

The West Midlands ambulance service covers 2.8m people over 345 square miles in Birmingham, Coventry and the Black Country towns of Wolverhampton, Walsall, Halesowen and Dudley.

Nupee said that all ambulance stations in Dorset had had their telephone lines cut off yesterday on the order of the county's chief ambulance officer, to prevent the public ringing direct.

The union said yesterday that in London, emergency calls could total 200 an hour from today, and reach a peak of 360 calls an hour on New Year's Eve.

It would be "impossible" for the army and police to cope, it said.

The Department of Health said it was not possible to predict how well the police and Army would cope over Christmas.

"Inevitably it depends on the level of activity. Managers shall ensure that the service is monitored. Certainly, they have been able to cope so far."

Surrey's non-emergency ambulance crews were told yesterday they had until December 28 to agree to return to work from January 2. If they did not do so, the county would bring in outside contractors who would not necessarily be removed after the dispute.

Pension prospects will improve for part-time civil servants

By Lisa Wood, Labour Staff

PART-TIME civil servants working less than 15 hours a week will next year have an improved chance of a pension.

Anybody whose weekly hours average 15 hours or more over a conditioned period will, after January 1 1990, be eligible for membership of the Civil Service pension scheme, under new rules agreed between the Treasury and the Council for Civil Service Unions (CCSU).

That simplifies the previous rules which took into account weeks rather than hours worked.

The new arrangements are part of a broader strategy in the Civil Service to develop different working patterns in order to extend the potential field of recruits and to advance equal opportunities in the profession.

Some measures have already been established, such as flexi-

ble working. Under the arrangements for part-time workers, staff who work only certain times of the year will have only to meet the eligibility test for the period they are required to work.

Once eligibility is established, the officer's service will qualify in full, including the periods in which no work is required.

All hours worked will count for pension purposes.

Fears over hazard awareness

By Diane Summers, Labour Staff

A SURVEY has found that only 38 per cent of businesses had heard of new regulations on hazardous substances.

Of those of who know of the regulations in the 2,000 small businesses in the survey, by the Health and Safety Executive, two-thirds were doing nothing about them.

The executive yesterday expressed concern about this level of awareness. It said it was not looking for perfection in the immediate need was to draw up priorities and take action to protect individuals.

Under The Control of Substances Hazardous to Health (COSHH) Regulations 1988, which came into force in October, the deadline for assessing risks in the workplace is January 1.

In the survey, of those who were aware of the regulations, most knew that they applied to health and safety in the workplace, especially the prevention and control of exposure to hazardous substances. It was very, or quite, relevant to their business said 40 per cent. However, 30 per cent said that it was not relevant.

The smallest businesses were the least well informed: only 31 per cent of those with 1-4 employees knew of the regulations.

Only 28 per cent of the service sector were aware of the regulations.

Offer of 7.75% from Barclays is 'unacceptable'

By Fiona Thompson

BARCLAYS BANK has offered staff an annual increase of 7.75 per cent or £500, whichever is the greater. For non-managerial staff the increase would be paid from February 1 next year, for managerial staff from May 1.

The Barclays Group Staff Union said the offer was unacceptable. The union's executive lodged a claim for a 14.5 per cent pay increase and a new grading structure for the 10,000 managerial and 50,000 non-managerial staff.

The union is deeply opposed to the company's proposal to change the settlement date for managers from February to May.

BGSU said yesterday it was "a blatant attempt to divide the pay negotiations for managerial staff from the main benefit of the staff to the serious disadvantage of both."

The managers have been offered a non-pensionable 2½ per cent cash bonus to make up for having to wait an additional three months for their increases.

But this is conditional on the union delivering an agreement on the introduction from May 1990 of new job evaluation, grading and salary scales leading to the implementation of a performance-evaluation pay scheme for managers from January, 1991.

Care system for Glasgow tenants

By Anthony Moreton

COUNCIL houses in Glasgow are to be equipped with a sophisticated alarm and care system which will give the tenants 24-hour security.

If a tenant needs assistance, he or she will be able to alert the local housing office by pushing a button or pulling a cord.

The system, called Omega, was developed by AB Wolsey, part of the AB Electronic Products Group. Glasgow council has signed a £1.5m contract which will provide alarms for some 3,000 council houses as part of a £14m programme that will eventually provide cover for the 30,000 houses and flats it owns.

AB Wolsey claims the system will be particularly helpful to the elderly, disabled and mentally handicapped.

The company says Omega also offers protection against hypothermia, fire, and burglary.

Omega allows two-way speech from any room in the house to the council offices as well as activating an alarm.

It also includes temperature monitors which alert staff in the housing offices if the temperature in a room falls to a point where hypothermia is a possibility.

Second stage of Cardiff Airport upgrading starts

By Anthony Moreton

WORK has begun on the second stage of the £5.5m plan to upgrade facilities at Cardiff Airport.

Modern escalators, an enlarged public lounge and new offices to handle cargo will be ready by March to cater for an expected rise in the number of passengers and cargo handled in the 1990s.

These works are costing £700,000 and are part of a £5.5m scheme over five years to upgrade the airport's services.

Mr Ian Gran airport director, said: "We anticipate 1m passengers a year will use Cardiff Airport in the 1990s, especially as New York, Florida, Toronto and Mexico grow."

Coupled with this was an increasing interest in using the airport as a cargo hub serving an extensive network of scheduled services, he added.

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Saturday December 23 1989

Democracy spreads

THE EUROPEAN Community has become a great pole of attraction, and never more so than in 1989. Sometimes that is more apparent to those outside the Community than to those within. The Japanese have grown to respect, and to treat it warily. President Bush takes it more seriously than some of his predecessors. His Secretary of State, Mr James Baker, has been speaking of it as an essential part of the new world architecture. Even those European countries which are not members are now showing an interest in joining. That goes for Nordic Europe as well as the presently more fertile states in the East.

To put matters in perspective, it is worth noting that the Union of Soviet Socialist Republics is unlikely to acquire another member. Its empire is diminishing. It is also quite hard to imagine the enlargement of the US, or even a greater Japan. The European Community, by contrast, is a club with a waiting list for membership.

All that is an achievement in itself. There are other achievements, some of them perhaps as long established as to have been almost forgotten. In the early years, for example, the Community brought France and the Federal Republic of Germany together. That was an historic development at the time. More recently, Spain and Portugal ended their dictatorships and entered the Community. They would never have been allowed to do so under Franco and Salazar. Much the same may be said of Greece, where dictatorship was more spasmodic. Democracy was a condition of entry; experience so far suggests that membership helps to maintain democracy.

Tumultuous change

Now there are the countries of eastern Europe, which have gone through such tumultuous change in the last few months. To take one dramatic illustration: it would have been hard to conceive that the reopening of the Brandenburg Gate in Berlin might have taken second place in the news to the fall of the tyrant in Romania. Many people - wise and experienced diplomats among them - thought, and perhaps hoped, that the gate would remain closed at least until the end of this century. There was also a widespread belief that President Ceausescu still had a certain staying power. Yet both events have happened.

By now, it should go almost without saying that none of the chief drama groups could have taken place without the liberalisation in the Soviet Union under President Gorbachev.

It is far from clear that Mr Gorbachev can bring about the twin miracles of greater democracy and rising prosperity, while holding his country hard to the east. The eastern European clock being put back to (say) 1968 when Soviet military power controlled all.

The common home

That brings us back to the European Community: its opportunities and responsibilities. The east European States do not aspire to it because they want to join the common agricultural policy or any of the other mechanisms which tend to turn Britons especially against Brussels. It is because they see Europe - in a phrase first used by the late President Brezhnev, then taken up by Mr Gorbachev - as the common European home.

The Community is a collection of democracies: it works, it is organic and it grows. It is not perhaps as efficient or as productive as Japan, or even the US. But even those two economic superpowers have come to recognise the Community as a force that matters, economically and politically. Given the internal difficulties in China and the Soviet Union, it will be the Community, the US and Japan which will shape the economic world of the 1990s.

Each of them has something in common. They have neighbours which are much poorer than themselves. The US has Latin America, Japan has parts of Asia and Europe has Africa. Whatever the three economic super-powers may do among themselves, it is imperative that they pay more attention to their own backyards. For the excitement in eastern Europe may have had one slight disadvantage: they have distracted interest from the fact that much of the Third World is getting poorer, sicker and less well-governed than it ought to be.

The challenge for the European Community is probably much greater than it is either for the US or Japan. It is not used to such responsibilities and is more accustomed to quarrel within itself about relatively small matters. But the opportunities for the Community are greater as well. It must do its utmost to reach an association agreement with all those states which want them and to resolve not to be a club solely for the "haves." Eastern Europe and Africa should be the prime targets for the new year.

The Community is potentially the most dramatic grouping in the world today. The people who see that least are its own members.

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John Elliott in Hong Kong reports on the mood in the colony



'We want to go because of China'

will get better off," he explains, demonstrating the refugees' constant striving for betterment in this generation or the next.

About 260,000 people have joined Hong Kong's brain drain in the 1980s, mostly going to Canada, Australia and the US. This year's expected total of close to 45,000 emigrants is expected by the government to rise to 55,000 next year and then level off around 60,000.

On that basis another 400,000 could go to the existing brain drain destinations before 1997. This figure might not be reduced much by the UK's 225,000 passport packages (based on 50,000 heads of households) because of the long queues; and there is also a chance of more passport offers from other countries. But that still leaves 5m or so who have little if any chance of leaving or obtaining passports.

There is a risk that the issuing of the passports will itself be divisive

Tensions are however bound to arise, especially in the civil service and police force where people are already becoming restive and demoralised, with some signs of labour unrest. Recruitment into the police has slumped as young men and women have become loth to be responsible for actions which might be held against them after 1997.

Others are loth to join a bureaucracy which will mean them serving China, albeit within what is intended to be the highly autonomous Special Administrative Region of Hong Kong.

This issue will make it increasingly difficult to govern Hong Kong in the next few years and the problem could be greatly worsened if the British parliament throws out this week's passport package.

That would cause a serious loss of British credibility. "You'd be heading for quite serious trouble here if that happened," says Mr Simon Murray,

head at the end of a year which has seen a serious loss of confidence in Hong Kong following the Tiananmen Square clampdown. The rawness of emotions in the colony has also been increased by the crisis over the Vietnamese boat people.

Economic growth has been halved to about 3 per cent, with the risk of a further slowing down next year, and the stock market has not recovered its pre-June buoyancy.

The overheated property market has been cooled and tourism has fallen off to such an extent that occupancy of some five-star hotels is down by a third from last Christmas at well under 50 per cent.

Final drafting has begun this month of the Basic Law which will be Hong Kong's constitution after 1997. This has also done nothing to boost confidence, although people like Mr Lo dismiss the proposed law as a "waste of time." Peking, he says echo-

'We think that things might not get worse for maybe 10 or 20 years after 1997. But we must ask what is the future after those first years'

and that it will increase problems during the next few years, which are bound to become increasingly tense and difficult as 1997 approaches.

Some officials argue that divisiveness is not in the nature of Hong Kong's pyramid Chinese society where most people are used to being unable to share in the riches and luck of those on top. That view also supports the argument that a couple of hundred thousand British passports will generally increase confidence.

managing director of Hutchison Whampoa and a leading member of the Honour Hong Kong Passports campaign.

"Mr Kaufman and the Labour Party are talking about the 225,000 package causing bitterness and divisiveness but I can't think of anything that would cause greater bitterness than parliament throwing the package out or a Labour government cancelling it in the future."

The passports issue has come to a

ing widely held views, will "do what it likes after 1997."

Peking officials responsible for the final drafting have ensured that the pace of democratic development in the colony is not speeded up. They are rejecting all demands for faster progress that have emerged since June; their officials have insisted that a marginal improvement they have proposed for the proportion (30 per cent instead of 27 per cent) of directly elected seats on the legislature was

decided on in Peking earlier this year. None of the demands that have emerged as a reaction to the Tiananmen Square clampdown are admissible, they say.

The reality of Peking's ability to rule or influence Hong Kong directly or indirectly is also becoming increasingly more obvious. In business terms its tentacles are expanding. This month, for example, has seen the news that the Peking-controlled China International Trust and Investment Corporation is negotiating to buy into the colony's communications industries through stakes in Cable and Wireless's Hongkong Telecommunications subsidiary and in the small air carrier Dragonair (it already has a stake in Cathay Pacific Airways).

Mr Jiang Zemin, China's Communist Party general secretary, sounded warnings on Thursday about Hong Kong over-reaching itself with its HK\$127bn airport, container port and other infrastructure plans for the 1990s. That sort of remark does nothing to help the government attract foreign investors and illustrates how easy it is for Peking to interfere.

Some community leaders are now demanding that Hong Kong should abandon the war of words with China waged since Tiananmen Square and recognise the reality of its future sovereign rulers. "The people who are left here in 1997 will depend on Peking, not London, so if President Bush can start mending fences with Peking, so should Hong Kong," says Sir David Akers-Jones. He was the colony's chief of commerce until 1987 and now runs the Housing Authority.

"Whether we like it or not, we must trust China and I think that Peking is in a mood to recognise any move from Hong Kong which showed that we realised the reality of the future. Delegations should be going to Peking all the time, not London."

A similar point is made by Mr Vincent Lo, one of the colony's prominent young entrepreneurs who has close contacts with Peking and is convener of a businessmen's right-wing lobby group on the Basic Law. "The longer the war of words with Peking goes on, the more confidence here is harmed, he says. "The two governments for example must be working together if we are to raise the funds for the HK\$127bn infrastructure projects."

Businessmen like Mr Lo want a stable environment in which to cash in on what they say are Hong Kong's unique money-making characteristics. They say they find it very difficult to do so well elsewhere. "In Hong Kong it is easy to make money - we find it more difficult abroad," says Mr Peter Woo, chairman of Sir Yue Kung Pao's World and Wharf property, hotels and trading companies.

Men like these talk about how much tougher the environment is in places where they would like to expand such as Singapore, the US and Canada. Generally, therefore, they intend to continue investing in Hong Kong so long as they can see good returns, while putting more of their corporate investments and personal wealth abroad. They also station relatives overseas and establish alternative rights of abode.

For those less well off it is not so easy. But, as refugees, they will carry on trying to improve their lot, and to escape, and they are all experts on overseas countries' immigration rating systems. "We all want to go because we are afraid of China," says Terry Leung, a secretary in her 20s. "But I know I can't go because of low ratings in Canada and Australia for secretaries and my husband's job - he's a driver. So we must stay and make the best of it."

But what about her single sisters and friends? "Oh, for them there's always the final solution of marriage to someone with a passport."

A Catholic Christmas in Prague

John Lloyd listens to the singing in Czechoslovakia's churches

Christmas Eve services will be held in churches all over Czechoslovakia this year: in the beautiful high-arched churches of Prague, in the grimy modern chapels of the post-war industrial sprawl of Ostrava in northern Moravia, in the strongly Catholic parishes of Slovakia. It will be quite a Christmas, Christmas, or so everyone expects.

They were limbering up for it earlier this week in the old Saint Marketa monastery outside Prague, near the airport. In a great, peeling room, a big woman was banging on a piano with a sausage finger while a choir of teenage girls, as pert and self-conscious as they would have been in Saint Andrews or Santa Barbara, were singing a carol. A few days later, they were singing it outside the Narodni Trida metro station in the heart of the city.

"I wonder if they know what they're singing?" asks Josef Hromadka, deputy Minister in charge of religious matters. Mr Hromadka is the official approved head of the Protestant Church, who both carefully tended the dwindling Protestant flock and gave their quietly departed regime of Gustav Husak a religious figure to put on the podium and the media.

Mrs Dana Nemcova, a Charter 77 signatory and civil rights activist, a Catholic who is a critic of her own church's conservatism, says of Mr Hromadka: "He gave the impression that there was religious freedom here in these last years, and it was a lie." It was the Catholics, with a rival universal ideology and a general staff in Rome to rival

Moscow's, who were always seen by the Communists as the first enemy. Their monasteries and convents were dissolved, priests and monks executed or put in concentration camps, their churches closed or at best confined to the most modest of ceremonies. Belief and worship had to be private.

At Saint Marketa, Father Alois Kausky presides. A man in his early thirties, handsome in his black soutane, he has tried to push his faith out to the tolerated limits. He has held Christmas Eve services in the fine early 18th century Baroque church within the monastery's walls for the past four years. "You had to be on your guard. The way such services were disrupted was that hooligans would turn up and cause a disturbance, and then the authorities would close it down because there was public disorder. So we had to try to keep these people out."

Perhaps because he is out of town, the services survived and were very popular. "But in the centre of Prague, and in other towns, there was nothing. Sometimes it was a physical matter: most of the priests are very old, they could not take midnight services and then get up to celebrate Christmas as well." Besides, many of these old men had withdrawn, anxious not to give any reason for offence or closure, concentrating on the liturgy and the quiet repetition of the ritual and the whispered sins of the faithful in the creaking, dusty confessionals.

Vaclav Rudolf is a civil engineer from Pilsen; there, as elsewhere, the secret police routinely compiled lists of those

who went to church. He has three sons: when the oldest went to school, he asked the school's director to give them religious education; the man agreed, but told Rudolf: "Be careful. You know that carries a penalty." When they graduated with good marks, the general comments on their reports - where a warm endorsement might have been expected - were: "He comes from a believer's family."

Rudolf himself could never have expected to get promotion, or to be sent abroad. "But that will all change now, you can become the director."

"No," he answered. "I couldn't. I haven't had the training and now I have lost any ambition."

Religion was tolerated when it was confined to a small, inwardly turned circle. But now the circle can be enlarged: it will be a Catholic Christmas, even on the streets, in the churches, even in the squares. "The church has gained great credit for its opposition these last 40 years," says Father Kausky, and that is obviously true. There is a kind of fusion between the religious life and the awakened national life: a little shrine appeared the other night on Wenceslas Square, composed of a Christmas tree, candles, a cross and posters saying "[Vaclav] Havel for President." Czechoslovak Catholicism, unpopular when the regime was founded in 1918 because of its close identification with the Austrian Imperial state (and thus never able to fuse national and religious feeling as the Polish and Irish churches have done) has staged a late comeback. Still, the question of Mr Hromadka

- "do they know what they are singing?" needs an answer. "In past years, the church was not damaged," Father Kausky says. "On the contrary, its quality increased. The internal life of the believers became much stronger." But what now? Dana Nemcova is convinced that the young will turn to the church "because of the vacuum elsewhere. Yes, it is a search for faith." But, as she asks, to whom will they turn? There are few priests like Alois Kausky: the two seminaries turn out a handful each year (though more will now be founded). This is largely an urban industrial society where religion was filtering before the Communists martyred it. Now, having lost its faith, and very many had faith - in communism, does religious devotion come rushing back?

It has been a good year for the churches in eastern Europe - for the Polish and Czechoslovak Catholics, for the East German Lutherans, for the Russian Orthodox, all suddenly transformed by their former

oppressors into honoured estates in a new civil society. Even the shattered fragments of the Jewish communities, those who still live in this graveyard of their people, have had new cultural centres pressed upon them.

Cardinal Tomashek, the nonagenarian Primate of Czechoslovakia, celebrated the beatification of St Agnes of Bohemia in St Vitus's Cathedral a few days after the November 17 election that knocked the will out of the regime. Trembling with age, almost supported by young priests, he nevertheless led the prayers and praise in a clear, strong voice.

Did they know what they were singing about? Know that they were presuming that a special place in paradise had been reserved for this daughter of Bohemia? Or was that the point - that they were again free publicly to make this vast presumption of eternity, which seems to have retained a force against which Marxist-Leninist rationalism has beaten in vain.



Oh well, YOU CAN BE SURE OF SHELL



UK COMPANY NEWS

Takeover achieved just 24 hours after MMC gives clearance to renew bid

Blue Circle wins Myson with £197.5m offer

By Clare Pearson

BLUE CIRCLE Industries, the cement and home products company, yesterday won control of Myson, the boilers and radiators company, by acquiring more than 50 per cent of the shares. It made its move just 24 hours after gaining clearance from the Monopolies and Mergers Commission to renew the £197.5m offer.

Blue Circle said it was renewing its bid for the remainder of Myson's shares on the same terms as those on the table three and a half months ago, when the MMC enquiry caused the bid to lapse.

Yale and Valor, the security and home appliances company and former rival for Myson's hand, helped Blue Circle push its holding from 22.2 per cent to just over 50 per cent by selling a portion of its own stake yesterday.

Blue Circle's terms are 240p in cash per share, or, instead, loan notes of a share or partial share alternative. Exact details of the loan note and share alternatives will be set out in a formal offer document to be sent to shareholders in the

New York.

Yale & Valor said it intended to accept Blue Circle's terms. It sold about a quarter of its 9 per cent stake in the market.

Myson's shares closed 11p higher at 235p.

Blue Circle said the deterioration in the central heating market, connected with UK interest rate rises, during the autumn had not led it to consider altering the terms of the bid.

It said it had taken fully into consideration the likelihood of a downturn in the market over the short and medium term when it had devised the pricing in August. It said it was a fair price in view of the long-term strategic implications.

To have sought to offer a lower price would also have jeopardised the board's approval, and involved time-consuming negotiations with the Takeover Panel.

Yale & Valor's offer, worth about £180m when launched in July, was also cleared to proceed by the MMC on Thursday. But it had been thought likely



Ray Wheeler, left, chairman of Myson, and Sir John Milne, chairman and group managing director of Blue Circle

that it would return to the fray. Blue Circle hopes that

through combining with Myson it will be able to compete more effectively in what it sees as an increasingly European-wide market for gas boilers. Imports are a growing force particularly in the more sophisticated end of the UK market.

The MMC said in its report on the merger that conditions were so competitive in the gas boiler market, both in terms of products and distributors, that a company with a big market share would be unlikely to be able to exploit its position. The combined Blue Circle-Myson would account for nearly 30 per cent of the domestic market.

Mr Ray Wheeler, chairman of Myson, and Mr John Salkeid, deputy chairman, are to resign along with the two non-executive directors once Blue Circle's offer has become unconditional in all respects.

Yesterday Mr Wheeler said Myson's performance this year had held up well in difficult trading conditions. On September 25, the company announced pre-tax profits for the six months to end-September of £8.7m (£8.6m) on turnover marginally ahead at £80.72m (£79.07m).

Magnet reveals refinancing proposals

By Maggie Urry and Stephen Fidler

MAGNET GROUP, the debt-led kitchen and do-it-yourself retailer, will announce details of its financial restructuring next Wednesday.

It is also expected to say that Mr Tom Duxbury, chairman, will resign after a special meeting in February.

The restructuring appears to be less drastic than many feared was necessary. It involves:

- no injection of new money;
- deferral of interest payments on £190m of subordinated, or mezzanine, debt, for three years;
- the continuation of normal payments on the other loans outstanding, a £266m senior term loan and a £69.2m bridging loan;
- no dividend on the equity for the foreseeable future.

Trading figures for the group for the year to end-March 1989 and the half-year to end-September 1989, will be released in mid-January. A special shareholders meeting will be held in February.

Shareholders will be told: "The rights attaching to any Magnet shares held by members of the public are unaffected by the restructuring."

The group was formed through a £266m management buy-out of a publicly-quoted company. The deal went through in July, but by then retail trading conditions were worsening and Bankers Trust, which led the financing, was unable to syndicate the £582.5m of debt involved. The debt was left with the nine underwriters.

The resolution of the refinancing was probably made easier by the fact that, because the buy-out hit problems before the loans could be syndicated, the mezzanine lenders and the senior lenders are almost the same small group of banks. However, GE Capital, the UK arm of General Electric Corporation of the US, holds a significant chunk of mezzanine debt, without being a senior lender.

The Magnet buy-out included the largest portion of mezzanine debt seen at that time in the UK. It was seen as an important test of the concept of mezzanine loans, which are meant to provide a cushion between senior lenders and equity holders. In that they offered protection to senior lenders, the concept could thus be said to have worked. However, the growth of a mezzanine market depended on finding a group of willing lenders, which will now be more difficult following the refinancing.

In October, only five months after the buy-out, Magnet said it had requested concessions from its bankers. Stock market trading in the company's convertible and preference shares has been suspended ever since.

Since then Mr Albert King, Magnet's finance director, has left, to be replaced by Mr Roy Barber.

The talks with bankers and legal advisers had dragged on longer than originally expected. However, the approach of Christmas appeared to concentrate the minds of those involved and the deal was signed yesterday morning.

Alcatel pays £20.4m for loss-making National Telecom

By Nikki Tait

ALCATEL Business Systems, a subsidiary of the French telecommunications equipment maker, is making a recommended £20.4m offer for National Telecommunications, the troubled telephone systems company.

National Telecom, which yesterday unveiled a first-half pre-tax deficit of £1.57m and net debt of £11.4m at September 30, effectively put itself up for sale in the autumn when it said that bid approaches would be considered. Two months later, it warned that losses in the six months to September 30 would top £1m. There will be no interim dividend.

Alcatel is offering 60p a share in cash, precisely the price at which National Telecom was sold to investors in an offer for sale in July 1988. The shares moved above the offer price during 1988, following heavy subscriptions for the launch. However, a downward slide started in early 1989. This was compounded when the company issued its first profits warning in May.

Yesterday, the National Telecom price gained 9p to 56p.

The income figures for sales of £22.4m (£18.2m), of which £18m came in the UK and £4.4m overseas. Operating profit, however, tumbled from £1.22m to a loss of £1.27m, and interest charges of £297,000 (£134,000) deepened the deficit. Below the line, there is a favourable to their bid.

National Telecom said the losses came principally in the main business communications division which develops and distributes PBX telephone equipment, plus a range of other products. It blamed engineering costs, product cost over-runs and difficulties in penetrating certain overseas markets, plus poor financial controls.

The other major division, which concentrates on servicing and supplying telecoms equipment, increased operating profits to £1.8m. The smaller mobile communications and data communications businesses both contributed to the half-year loss, however. The cellular communications business was sold in November for £1.1m.

Alcatel maintains that the purchase should strengthen its position in the UK business communications equipment market. The company's advisers said that their client's interest was principally in National Telecom's core business, rather than its peripheral activities, but declined to be drawn on how the group might be structured post-acquisition. Alcatel Business Systems made a pre-tax profit of £1.9m on sales of £74m in 1988.

Shareholders speaking for 26.5 per cent of National Telecom are irrevocably undertaken to accept the offer.

AC Holdings plans new look via £19m expansion in hotels

By Andrew Bolger

AC HOLDINGS, the former car company which expanded into financial services, said yesterday it planned to concentrate on hotel management and would buy seven hotels from Trusthouse Forte for £19.2m in cash.

AC also said it intended to dispose of its financial services division, which includes stockbrokers Douglas Le Mare, probably through a management buy-out, and would change the company's name to Principal Hotel Group.

A total of £10.2m of the acquisition price will be raised by the placing and open offer of 17m new ordinary shares at 60p per share. Shares in AC fell 2p to 61p.

Of these new shares, 13.2m have been conditionally placed by stockbrokers Laing &

Crickbank with institutional and other investors and 3.8m will be taken up by a director and his family trust. The balance of the acquisition price will be funded through bank borrowings.

The newly placed shares have been conditionally placed subject to clawback by shareholders on the basis of 0.5147 of the new shares at 60p for every ordinary share and/or 83.33p of convertible loan stock held in AC on December 11.

AC said the THF hotels would give the group an extra £24.4m in revenue, at an average cost of £45,000 per room, and a much wider presence in mainland Britain.

The hotels are the Post House, Aviemore; Ye Olde Bell, Barnby Moor; Wish Tower Hotel, Eastbourne; George

Hotel, Huddersfield; Keswick Hotel, Keswick; Golden Fleece, Thirsk; and the Golf Hotel, Woodhall Spa.

AC already runs five hotels in the UK and four on the Continent. It said the THF acquisition offered the group the opportunity to benefit from the economies associated with a hotel group which, with some 1,500 bedrooms, would be one of the top 20 hotel groups in the UK based on the number of bedrooms in operation.

The board said that since the vast bulk of AC's assets were now within the hotel industry, it was not in the group's long-term interest to retain its current financial division, which comprises Douglas Le Mare and Stronghold Asset Managers, a fund management group.

Balmoral queries £15m Norfolk court case

By Jane Fuller

THE SCOTTISH company attempting to seize management control of Norfolk Capital Group, the hotel company, has raised questions about a court case in which Norfolk is being sued for more than £15m.

Mr Peter Tyrle, managing director of Balmoral International, which has bought a 12 per cent stake in Norfolk, said he was sending a letter yesterday to Mr Tony Richmond-Watson, Norfolk's chairman, asking questions about a case at the Edinburgh Court of Sessions.

He asks, for example, why Norfolk had chosen not to disclose the action, lodged by Edinburgh Property & Investment Company (Epic), in the annual reports for 1987 and 1988.

Norfolk, which received a faxed copy of the letter yesterday afternoon, countered that the issue had been considered by the board, which had acted on the advice of both lawyers and auditors.

It had decided not to mention the case because the possibility of losing it was regarded as remote - so remote that it would be misleading to tell shareholders about it. Even in the worst outcome, it believed any payment to Epic would be nowhere near £15m.

The case concerns the North British Hotel in Edinburgh, which Norfolk bought for £5m in 1986 from Guinness. Guinness had acquired it via its takeover of Arthur Bell, part of

which was Glenegles Hotels, which Mr Tyrle used to run.

The original plan was for the former railway hotel to be redeveloped with Epic, but this was dependent on agreement being reached with adjacent landowners.

In late 1987, Norfolk announced it was withdrawing from the contract with Epic and that it would instead pursue a different plan to refurbish the hotel, at a cost of £15m. It said at the time it had only withdrawn when it became clear that these plans were not going to be met by any of Epic's proposals.

In December that year, Epic launched its suit in the Court of Sessions, seeking £15.4m, plus 15 per cent annual interest. The case was last adjourned on December 1 this year for Norfolk to respond to the latest documents produced by the Epic side.

Mr Tyrle and his two Balmoral colleagues are seeking to oust Mr Peter Eyles as Norfolk's managing director.

Mr Tyrle the case had come up as part of Balmoral's investigation of Norfolk and it was asking questions as the largest shareholder.

Balmoral has requisitioned an extraordinary general meeting for January 29 to discuss its proposals to manage Norfolk for a £500,000-a-year fee, plus up to £7m more by 1994 dependent on increases in earnings per share and dividends.

Far East focus and cash option at Gartmore trust

By Nikki Tait

GARTMORE Information and Financial Trust, which announced on Thursday it was in discussions that could lead to an offer for the company, is to turn itself into a fund specialising in Far Eastern stockmarkets.

The transformation takes the form of an offer for the 144m trust from a newly formed company, Gartmore Emerging Pacific Investment Trust. This allows shareholders to accept shares in the new trust or to take a cash alternative.

The terms of the paper offer are 95p per share, equivalent to 100 per cent of formula asset value at GIFT, plus one GEP warrant for every 10 GEP shares. By way of illustration, GIFT estimates that at December 19 would have been 53.2p a share. With the value of GEP shares taken to be about 63.2p, a holder of 1,000 GEP shares would receive 542 GEP shares and 81 GEP warrants.

The cash alternative, underwritten by stockbroker Olliff & Partners, comprises 95 per cent of the value of GEP shares - approximately 60p - plus 100

per cent of the value of GEP warrants (taken to be worth 15p a piece) which shareholders would have been entitled to under the offer. On the previous assumptions, therefore, the holder of 1,000 GIFT shares would be entitled to just over £50 in cash. There are separate offers for GIFT warrants and minority stock.

GEP will be managed by Gartmore, the fund management business recently put up for sale by British & Commonwealth Holdings.

The new trust will invest primarily in "emerging" Far East markets, with Malaysia and Hong Kong expected to take 27 and 25 per cent respectively in the initial portfolio.

The investment policy change - and the option to cash in - comes after several years of poor performance at GIFT. The share register includes some institutional shareholders known for their hawkish attitude towards the investment trust sector.

Holders of 31.4 per cent of GIFT's voting rights have undertaken to accept the offer.

Kelsey Inds advances to record £3.4m

Kelsey Industries, solder maker and roofing contractor, lifted pre-tax profits from £2.68m to a record £3.4m in the year to September 30 1989.

Shareholders benefit with a boost in the dividend total from 11.25p to 22.5p, with a final of 18.375p.

Turnover jumped from £35.39m to £44.1m. After tax and minorities earnings per share rose from 44.7p to 58.9p.

The directors observed that "subject to there being no world recession or a downturn in UK roofing contracting orders" they anticipated a further good increase in current year profits.

HTV recovers Quintex provision

By John Riddling

HTV, the ITV franchise holder for Wales and the west of England, announced yesterday that it had recovered most of the £3.5m provision it had taken against its exposure to Quintex, the indebted Australian distribution company headed by Mr Christopher Stasse.

Speaking at the company's delayed annual meeting, Mr Patrick Dromgoole, chief executive, said that its deals with

Quintex had been restructured and that new contracts were signed on Wednesday with independent French and US companies to recoup the losses.

In addition, HTV will now receive all the money from the sale of programmes in the US which Quintex had been holding.

According to Mr Dromgoole, the amount now outstanding was just £500,000, which he described as "nothing more than a financial hiccup".

Octagon to undertake review of Alphameric

By Clay Harris

OCTAGON Industries, the information technology consultancy run by former KCL executives Dr Geoff Bristow and Dr Rob Wilnot, is to take a 3.9 per cent stake in Alphameric in part payment for undertaking a strategic review of the troubled keyboard and terminal manufacturer.

Mr Douglas Craig-Wood, Alphameric chairman, said the review was due to be completed by end-January, but his board and Octagon were agreed on the broad outlines.

Octagon has masterminded recoveries at Wordplex, a word processing company subsequently bought by Norsk Data, and Headland Group, a computer services concern.

Alphameric lost £2.54m before tax in the six months to September 30, almost twice its £1.28m deficit in the previous financial year.

In addition to being issued 880,000 Alphameric shares, with a market value yesterday of £246,400, Octagon will be paid £30,000 in cash.

West Trust in profit with £0.5m

West Trust, the specialist textile group, turned in pre-tax profits of £445,000 for the six months to September 30, compared with a loss of £29,000 for the corresponding period last year.

The recovery began in the second half of last year when West wiped out the mid-year deficit to return a profit of £119,000 for the full year.

The board said that all divisions within the group were operating profitably and the recently-acquired Ken Moore was performing particularly well. The results for the year ended next March would show continued progress provided there was no further deterioration in trading conditions.

Turnover rose from £1.01m to £7.45m; net interest payable was sharply increased to £372,000 (£41,000) and after tax of £30,000 (£3,000 credit) earnings were 0.77p per share (0.09p adjusted). An interim dividend of 0.25p (nil) is declared.

MI HOLDINGS has sold its holding in MI Engineering (Plymouth), its railway signalling outfit, to RE Signal.

MOSS BROS has reorganised its franchise agreement with Hackett, the independent clothing retailer, entered into shortly before the takeover by Moss of Cecil Gee. Hackett has been granted concessions to trade in the London stores at King Street, Covent Garden and Holborn. The remaining "franchise" stores at Cambridge, Cheltenham and Camberley will now trade as Moss Bros.

MOWLEM: Royal Trust International is to acquire a 50 per cent interest in Mowlem Property Developments by subscribing £12m in cash for 50,000 new ordinary shares and Royal Trust will be allotted 5.9m new shares each by way of a

COMPANY NEWS IN BRIEF

capitalisation of MPDL's share premium account and will cash 50 per cent of the equity. MPDL will repay its £26.6m inter-company debt to Mowlem.

MTM has placed 1.78m shares to raise some £3.5m net of expenses to accelerate capital expenditure. At the same time, MTM has agreed to acquire Mostyn Chemicals for £1m, satisfied by the issue 190,476 ordinary shares. MTM has also reached agreement to purchase Loba Feinchemie, based in Vienna, for Sch 30m (£1.95m) funded through the allotment of 974,500 new shares. To satisfy the deferred payment of £3.45m in January 1988 for the purchase of 86 per cent of Italian fine chemicals manufacturer ASAP, MTM has now placed 1.78m new shares.

Tonks to sell W German stake

By Richard Tomkins, Midlands Correspondent

NEWMAN TONKS, the Birmingham-based architectural ironmongery group which has been expanding in continental Europe, is to sell off 69 per cent of Wehag Leimetal, its first West German acquisition.

Wehag is a long-established maker of door and window fittings and it employs 150 people. Tonks bought it from the receiver in 1987 in the hope of turning it round, but it has continued to incur losses.

Tonks paid the equivalent of £1.84m in cash for Wehag. It is

now selling the company's business and assets to a joint venture company called Lemeta for DM2.5m (£800,000).

Tonks will have a 31 per cent stake in the joint venture company, with the rest being held by Gretsch-Unitas, a West German manufacturer of mechanical window operating systems and architectural ironmongery.

The deal will result in an unquantified write-off in Tonks' next report and accounts which will be taken below the line as an extraordinary item.

Mr Cecil Bucket, Tonks' finance director, said the Wehag acquisition had fulfilled its purpose in securing a foothold for Tonks in the West German market, but the company needed substantial capital investment which Gretsch would now provide.

Since acquiring Wehag, Tonks has made a much larger acquisition in West Germany through the purchase in September of Normban, another architectural hardware group, for DM35m in shares.

MANDERS (HOLDINGS) has acquired Russell Tiles and Bathrooms for £500,000 cash and the assets of Tile Decorations (Sales) for £300,000 cash.

MANGANESE BRONZE Holdings has announced the acquisition of an interest in UltraFine Powder Technology, of Massachusetts, together with the conclusion of a 50-50 joint venture with UFPT under which UltraFine metal powders will be marketed throughout Europe and the Eastern bloc. Cost of the acquisition was £2m.

THE USM & THE THIRD MARKET

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FINANCIAL TIMES
LONDON'S BUSINESS NEWSPAPER

Colonnade reorganisation meets City opposition

By Andrew Bolger

PLANS BY British & Commonwealth Holdings, to sell off its development capital arm to Colonnade Development Capital have attracted opposition from City institutions, including Legal & General.

Stratagem, the investment company, yesterday made a conditional offer for Colonnade with a view on liquidating the company rather than reorganising it on the lines proposed.

Colonnade's directors said last week that the share price had fallen to a 38 per cent discount on net asset value and that B&C, the ultimate parent company of B&C Development Capital, might shortly no longer be in a position to provide continuity of investment management services.

Accordingly, Colonnade was offering the management team at B&C the opportunity of joining the company on a full-time basis: those executives would buy the 8.7 per cent stake in Colonnade held by B&C Ventures Investment and be granted performance-related options to subscribe for shares in Colonnade.

Colonnade would enter into contract to manage a £3.5m portfolio of investments owned by B&C. It is currently managed by B&C Ventures. It would also acquire for £3.4m B&C's holdings in Sherwood Computer Services and Verso International, the West Midlands maker of metal-forming machinery.

Colonnade will put the proposed reorganisation, which it says is in the best long-term interest of shareholders, to an extraordinary general meeting on Friday, December 29.

However, Mr Bernard Kerrison, chairman of Stratagem, said he believed that more than 50 per cent of Colonnade's overwhelmingly institutional shareholders would oppose the reorganisation and the meeting might well be adjourned.

Stratagem's conditional offer is that for each ordinary share in Colonnade, shareholders should receive 49p in cash and £1 nominal of convertible loan notes. The loan notes would bear interest and would enable shareholders to participate in any net surplus on the liquidation of Colonnade's assets. Colonnade's shares closed 2p higher at 149p.

Mr Kerrison said that instead of addressing the problem of discount to net asset value, Colonnade's proposals merely seemed to be of benefit to the proposed management and B&C but not in the interests of the general body of shareholders. The best course of action would be for the company to be liquidated and the proceeds distributed direct to shareholders.

Colonnade said it had noted Stratagem's statement and was considering its options. It would make an announcement before Friday's meeting.

Stratagem said its offer was conditional on the board of Colonnade withdrawing its reorganisation proposals at Friday's meeting being rejected by shareholders. The best course of action would be for the company to be liquidated and the proceeds distributed direct to shareholders.

Colonnade said it had noted Stratagem's statement and was considering its options. It would make an announcement before Friday's meeting.

DIVIDENDS ANNOUNCED			
Borden TV 8	—	int	0.88
Hobson 5	—	int	nil
Kateley Inds	—	int	18.375
	Mar 7	7.5	22.5
		2	0.5
		11.25	

Dividends shown pence per share net except where otherwise stated. \$USM stock.

UK COMPANY NEWS

SmithKline Beecham sells household products arm

By Andrew Bolger

SMITHKLINE BEECHAM, the Anglo-American pharmaceutical and consumer products company, yesterday continued its post-merger programme of disposals by announcing plans to sell its household products business in the US and Canada.

The Beckman group of West Germany has agreed to pay \$106m (£68m) in cash for the business. Its principal products are Calgon, a bath additive; Cling Free, a drier-added fabric softener; Calgon water softener; Calgon dishwashers; detergent; and Delflex, a detergent for delicate fabrics. The sale includes the plant in Rockwood, Michigan, employing 130 people, where the majority of the products are made. Most of the products were acquired in 1977 from Merck, the US drug manufacturer.



Bob Baumann, chairman of SmithKline Beecham.

Mr Baumann, chairman of SmithKline Beecham, said the company will retain the Calgon trade name for industrial products.

Beckman markets household products under the Calgon name throughout Europe. It will now have the right to sell Calgon products in North America and numerous other countries.

The decision to sell this business follows the merger of Beckman Group and SmithKline Beecham Corporation at the end of July and is part of the enlarged group's strategy of focusing its international healthcare business.

SmithKline is still seeking a buyer for its cosmetics division, which it intends to split into two units, covering the UK and continental Europe. These have annual sales of about £240m and £160m.

Hobson in losses and plans sales for £1.95m

By Clay Harris

HOBSON will not pay an interim dividend after reporting a £177,000 loss for the six months to September 30. It also announced the planned sale of its Midlands-based aluminium products business and a Caribbean trading company.

The disposals will raise more than £1.9m for Hobson, which has had a mercurial record since joining the USM in 1984 as the parent-holder on a life-making process. It now makes toiletries and exports them to west and central Africa.

Mr Richard Thompson, chairman, said Hobson was decreasing the possible acquisition of a supplier of building maintenance services to local authorities.

Hobson will receive £1.4m for the Midlands businesses and £250,000 for Tower Hill, the Caribbean export company. The sale of the supplier of disposal of a health and leisure club contributed to a £182,000 extraordinary credit in the last period.

The fall into the red from pre-tax profits of £703,000 in the comparable period came on a three-fold increase of £5.05m (£3.19m). The loss per share was 0.46p (1.33p earnings). Last year, it paid an interim dividend of 0.25p.

Border TV falls to £184,000

Lower pre-tax profits of £184,000 were announced by Border Television, the US-quoted broadcaster, for the six months ended October 31. The previous figure was £485,000.

The interim dividend is being lifted to 0.88p (0.5p), however, while earnings fell from 2.97p to 1.1p. There was a 10 per cent drop in the period result to £6.53m (£8.46m). The taxable result was after an exceptional £164,000 (£66,000) debit, being the costs of voluntary retirement and leaving scheme. Tax took £69,000 (£184,000) and there was an extraordinary credit of £498,000 (£nil).

COMPANY NEWS IN BRIEF

ABERDEEN PETROLEUM is to purchase a 21 per cent interest in the Newburg field in North Dakota from Chevron USA for \$4m (£2.5m) cash.

ADCOBS GROUP has acquired, through its Media Sales division, Advertise and Trafalgar Publicity Services, two specialist advertising sales businesses, for £135,000 and £80,000 cash respectively.

ALLIED INSURANCE rights offer of 3.2m shares issued in connection with the acquisition of Neil Lewis and Associates, taken up in respect of 92.8 per cent of the issue.

APOLLO WATCH Products has agreed to acquire Horba Holding Maatschappij PGM KOK BV of Amsterdam for £1.57m (£1.5m). Horba is both a manufacturer and distributor of leather watch straps and bracelets.

ASSOCIATED BRITISH Parts has paid £2m in cash and shares for Whitty Port Services and Whitty Stevedoring.

ATP now becomes sole supplier of cargo handling at the Port of Whitby, Yorkshire. Vendor was Helka Holdings of Hull.

BOOTS has sold its Fine Art Wallcoverings operations to management. The turnover of the Cheshire-based business amounted to £17.2m in the year to end-January 1989.

BRAKE BROTHERS has acquired Spring Valley Foods, a distributor of frozen foods to caterers in London and the Home Counties. Spring Valley had a turnover of £4.1m in the year to July 31 1989. At the year-end net assets totalled £277,000.

BRENT CHEMICALS International has disposed of part of its UK pretreatment phosphate business to Chemetall, a subsidiary of Metallgesellschaft. The minimum amount to be received by Brent will be £5.7m over three years.

CASPIAN OIL is buying a 50 per cent interest in the Somerset oilfield near San Antonio, Texas, for £1.75m, to be satisfied by the issue of 6m shares plus £500,000 in cash or the assumption of £800,000 debt.

COFC TRUST shareholders have approved a change in investment policy and a change in name to New Frontiers Development Trust. New Frontiers will concentrate on investing in the more rapidly developing areas of the world through investments in emerging stock markets and in developing economies.

CLARKSON (HORACE) is to acquire Accident and General Insurance Brokers (Ireland) for £500,000 (£274,000) cash. An additional £15m is dependent on profits.

CONTINENTAL ASSETS Trust: Open offer taken up in respect of 5.87m units (61.1 per cent) comprising 5.87m ordinary shares and 1.17m new warrants. Balance taken up by institutions.

COOPER (FRIDERICK) has purchased KSM Electronics, a manufacturer of specialist power supplies, for £200,000 in cash.

COYTON BEACH is paying £1.5m for Philip Stratas, a distributor of equipment to 25 per cent of the UK's amusement machine industry. For the year to end-March 1990 Stratas had forecast sales of £5.2m and pre-tax profits of £103,000. Net assets stood at over £400,000.

CRESTA HOLDINGS has disposed of Wickland Westcott and Partners to its management for an initial cash consideration of £2.2m. Further consideration of up to £1.3m may become payable. Company has also entered into heads of agreement with Goldco whereby once a site has been identified and agreed upon, Goldco and Cresta Properties will enter into a design-and-build contract.

CREH has acquired Kleiwaren-fabrik Buggenum BV, a manufacturer of exclusive city bricks with factories in the Netherlands and Belgium.

INTERNATIONAL COMPANIES AND FINANCE

New chapter for Reader's Digest

The intensely private company is to go public, writes Roderick Oram

The basement of a New York City speakeasy was an unlikely place for a new magazine promoting traditional American family values so, back in the 1930s, DeWitt and Lila Wallace moved their fledgling Reader's Digest to more hucolic surroundings.

Choosing a 158-acre estate in rural Pleasantville, 40 miles from the Hudson River, they gave their staff garden plots and time off for spring planting. The magazine thrived, becoming the biggest in the world with about 100m readers for each monthly issue.

But today suburbia, the harsh realities of the global magazine business and new tax laws are blemishing its first foreign foray came in 1938 with the launch of the UK edition. Now 39 editions in 15 languages generate \$20m copies per issue. Stacked in doctor's waiting rooms, laundromats, law libraries and other places where people have time on their hands, they reach 100m readers a month.

Circulation, at least in the US, has peaked. After reaching 17.7m per issue in 1985, the company says it cut back to the current level of 16.25m because the cost of maintaining the marginal but its short experience with the latter has proved disappointing so far: new magazines are running up hefty losses and will require more heavy investment.

For such an intensely private company, these are unusual circumstances to be in the public. "Wally once said of the way he and his wife worked, "We do as we damn well please, and that's close to ideal." The corporate ethos still lives on, long after their deaths in 1981 and 1984 at the ages of 51 and 54 respectively.

That decision to go public must be because after 67 years the Reader's Digest Association is going public. Its owners, charitable foundations set up by the Wallaces, want a liquid market for its stock while the company itself wants greater financial flexibility to promote long-term growth.

Some of the foundations are selling a total of 21 per cent of the non-voting stock at \$18 to \$22 a share to raise between \$450m and \$550m. This is merely a warm-up exercise. By 2000 no US charity will be allowed to own more than 50

per cent of a commercial business. The company has said employees will own 20 per cent of the voting stock by then, but it has yet to decide on who will own the rest.

Details made public for the first time in this week's share prospectus describe a company performing broadly in line with other publishers. Note the least, its unique franchise guarantees strong investor interest.

In 1982 Mr Wallace, a frustrated publicity writer for Westinghouse Electric, started Reader's Digest with \$5,000 he had borrowed. His idea was to offer uplifting articles condensed from other publications.

"Today most pieces are commissioned by the magazine but the rest are written by its own staff," says Wally Wallace, its president. "The magazine's purpose is still to inform and educate."

Overall, the Reader's Digest magazine division turned in operating profit of \$61.6m on revenues of \$389.4m in the fiscal year ended June 30 1989, against \$41.7m on \$308.3m in fiscal 1987.

The company's largest division covers books, records, videos and other home entertainment products. Beginning in 1950 with collections of condensed books, the division has grown steadily. It turned in operating profits of \$192.2m on revenues of \$1.09bn in fiscal 1989 compared with \$148.3m on \$818.1m in 1987.

Staff read 3,500 novels a year before choosing about 30 to condense and collect in 600-page six volumes. Worldwide it sells about 21m copies a year in 10 languages covering 17 countries. Books range from the quintessential Reader's Digest - "While My Pretty One Sleeps" - to the latest Dick Francis thriller.

In addition it sells a further 21m non-fiction books a year, ranging from do-it-yourself guides to Nancy Reagan's ghosted autobiography. Music is another big business, accounting for \$m multi-record sales a year.

Such has been the Reader's Digest's gradual accommodation of changing tastes that, for example, "Evis: The Legend Lives On" might well have the Wallaces rolling over in their graves.



The magazine's purpose is still to inform and educate.

The company says it will continue to make significant capital and operating expenditures in the division as part of its long-term growth strategy. It is working, for example, on start-up magazines in the UK, France and West Germany.

The final division is "other operations," encompassing Reader's Digest direct mail activities, which pushes magazines and services such as insurance.

The company says its data base is one of its most formidable assets. In the US alone it has data on more than 50m households, about 55 per cent of the nation's. In the past two years half of these households bought some Reader's Digest product or service.

The big jump came after Mr George Grune took over as chief executive in 1984. A Reader's Digest veteran, he and new senior management have stirred up the complacent company.

However, they have merely tackled the easy part in squeezing costs and reducing staff. Now comes the hard bit - cultivating worldwide the Reader's Digest brand of goods and services under the hard-nosed scrutiny of public shareholders.

The third and newest division is special interest maga-

MARKET STATISTICS

ECONOMIC DIARY

TOMORROW: Local elections in Kazakhstan and Tallinn. Paris-Dakar motor rally starts (until January 16).

MONDAY: Christmas Day. Holiday UK and Republic of Ireland. Archbishop Desmond Tutu preaches Christmas sermon in Jerusalem. Underground leaders of Palestinian uprising call church protests marches against occupation and desecration of holy places, Jerusalem.

TUESDAY: Boxing Day. Holiday UK and Republic of Ireland. Yugoslav Communist Party central committee starts two-day discussions on preparations for emergency congress, Belgrade. Sydney-Hobart yacht race starts.

WEDNESDAY: Western Australia v Pakistan three-day cricket match.

THURSDAY: Department of Transport publishes figures for new vehicle registrations in November. Polish Parliament meets to vote on package of economic reforms and anti-inflationary austerity measures.

FRIDAY: Department of Energy publishes details of energy trade in October. Central Statistical Office issues November figures for balance of payments, current account, and overseas trade figures. World Cup two-man bobsleigh two-day event, Koenigssee, West Germany.

EUROPEAN OPTIONS EXCHANGE

Series	Feb. 90		May 90		Aug. 90		Stock
	Vol	Last	Vol	Last	Vol	Last	
ASAC C	5,770	40	69,500	40	30	42.50	4.13
ASAC P	5,400	20	4,000	40	30	42.50	4.13
ASAC C	5,400	20	4,000	40	30	42.50	4.13
ASAC P	5,400	20	4,000	40	30	42.50	4.13

BANK RETURN

LIABILITIES	Wednesday December 20, 1989		Increase or decrease for week
	£	£	
Capital	14,827,000		
Public Deposits	69,298,203		17,580,825
Bankers Deposits	1,749,830,222		46,299,507
Reserve and other Accounts	5,564,033,968		538,340,247
	5,398,315,593		472,510,615

Series	Jan. 90		Feb. 90		Mar. 90		Stock
	Vol	Last	Vol	Last	Vol	Last	
ENE Index C	1,290	8.90	90	12	-	-	FI. 294.99
ENE Index P	1,290	8.90	90	12	-	-	FI. 294.99
ENE Index C	1,290	8.90	90	12	-	-	FI. 294.99
ENE Index P	1,290	8.90	90	12	-	-	FI. 294.99

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Friday December 22 1989				Highs and Lows Index				
	Index	Day's Change	% Change	Est. Div. Yield (%)	1989 High	1989 Low	1989 High	1989 Low	
1 CAPITAL GOODS (204)	896.97	+0.1	12.84	4.82	90.71	898.97	896.94	767.34	1012.97
2 Building Materials (28)	1674.81	+0.3	14.62	5.26	167.10	1671.81	1672.05	1099.26	1337.04
3 Chemicals (27)	2078.85	+0.2	16.71	5.23	207.23	2078.85	2078.85	1465.95	1504.56
4 Electricals (10)	2078.85	+0.2	16.71	5.23	207.23	2078.85	2078.85	1465.95	1504.56
5 Electronics (30)	1890.11	+0.4	9.72	3.57	189.01	1878.48	1900.84	1394.34	2398.22
6 Mechanical Engineering (37)	474.28	-0.1	12.22	4.84	47.43	474.28	474.28	308.25	558.25
7 Metals and Metal Finishing (6)	468.88	+0.4	25.15	6.41	46.89	473.92	473.78	362.47	493.27
8 Motors (16)	377.23	+0.5	14.18	5.39	37.73	377.23	377.23	255.25	378.65
9 Other Industrial Materials (24)	706.58	-0.3	9.43	12.16	70.66	706.58	706.58	481.53	808.53
10 OTHER INDUSTRIAL (24)	706.58	-0.3	9.43	12.16	70.66	706.58	706.58	481.53	808.53
11 CONSUMER GROUP (284)	1398.63	+0.3	8.78	3.59	139.87	1398.63	1398.63	1009.23	1617.92
12 Brewers and Distillers (2)	1521.82	-0.2	9.48	3.45	152.18	1521.82	1521.82	1116.13	1583.71
21 Food Manufacturing (20)	1148.87	+0.5	9.51	3.87	114.89	1148.87	1148.87	812.47	1228.82
22 Food Retailing (15)	2278.24	+0.5	9.15	3.21	227.84	2278.24	2278.24	1712.38	2712.38
23 Health and Household (16)	2576.82	+0.7	8.56	1.95	257.68	2576.82	2576.82	1782.82	2772.31
24 Retailing (15)	2576.82	+0.7	8.56	1.95	257.68	2576.82	2576.82	1782.82	2772.31
25 Textiles (14)	512.25	+0.3	11.04	5.72	51.23	512.25	512.25	384.88	584.88
26 Other Consumer Goods (17)	1138.22	+0.5	10.40	4.57	113.82	1138.22	1138.22	889.65	1223.44
41 Agencies (17)	2338.99	+0.3	6.68	2.37	233.90	2338.99	2338.99	1752.48	2628.78
42 Insurance (22)	1243.24	+0.3	12.49	5.21	124.32	1243.24	1243.24	912.84	1512.84
43 Conglomerates (14)	1649.88	+0.1	11.54	3.16	164.99	1649.88	1649.88	1237.17	1839.44
45 Transport (13)	1059.88	+0.7	10.53	4.18	105.99	1059.88	1059.88	728.19	1259.49
47 Telephone Networks (2)	1241.14	+1.3	10.23	4.13	124.11	1241.14	1241.14	912.84	1512.84
47 Insurance (22)	1243.24	+0.3	12.49	5.21	124.32	1243.24	1243.24	912.84	1512.84
49 INDUSTRIAL GROUP (48)	1825.08	+0.6	10.46	4.70	182.51	1825.08	1825.08	1372.84	2122.84
51 Oil & Gas (15)	2580.95	+0.3	18.27	4.03	258.10	2580.95	2580.95	1925.77	2725.77
52 OTHER SHARE INDEX (290)	1278.27	+0.3	11.32	4.22	127.83	1278.27	1278.27	975.48	1355.48
61 FINANCIAL GROUP (220)	846.75	+0.5	5.99	5.70	84.68	846.75	846.75	648.57	846.75
62 Banks (9)	846.75	+0.5	5.99	5.70	84.68	846.75	846.75	648.57	846.75
63 Insurance (Life) (7)	1431.47	+0.7	4.44	4.44	143.15	1431.47	1431.47	1092.55	1512.55
64 Insurance (Composited) (7)	742.78	+0.4	5.89	5.89	74.28	742.78	742.78	562.84	812.84
65 Investment (2)	1241.14	+1.3	10.23	4.13	124.11	1241.14	1241.14	912.84	1512.84
66 Merchant Banks (2)	474.28	+0.4	6.51	6.51	47.43	474.28	474.28	362.47	493.27
67 Merchant Banks (2)	474.28	+0.4	6.51	6.51	47.43	474.28	474.28	362.47	493.27
68 Property (14)	1223.43	+0.1	7.43	3.51	122.34	1223.43	1223.43	912.84	1392.84
70 Other Financial (2)	334.49	+0.1	12.42	6.31	33.45	334.49	334.49	254.49	374.49
71 Investment Trusts (69)	1282.61	+0.1	18.22	3.41	128.26	1282.61	1282.61	912.84	

INTERNATIONAL COMPANIES AND FINANCE

American Express to sell Swiss banking subsidiary

By William Dullforce in Geneva

AMERICAN EXPRESS Bank is negotiating the sale of TDB American Express, its Geneva investment banking subsidiary...

ment company controlled by Mr De Benedetti, holds 9.6 per cent of CBI, which in turn has a 5 per cent stake in Sofigen.

ers with a range of commercial, savings and investment, treasury and transaction services on a global basis.

Sears faces lawsuit over low-price strategy

By Karen Zagor in New York

SEARS, ROEBUCK, the world's biggest retailer, has been charged by the New York Attorney General with making false claims for its so-called "everyday low price."

Nintendo in the video game wars

Louise Kehoe on the latest skirmish in a battle for market control

Three Christmases in a row, Nintendo video games have hit the jackpot as the top selling toy in the US.



The US video game market represented a big challenge

by guaranteeing that any unused product would be bought back by Nintendo, and by promising saturation TV advertising was Nintendo able to get its retail efforts off the ground."

Paribas renews Mixte offensive

By William Dawkins in Paris

PARIBAS, the French investment bank, yesterday signalled its intention to continue its FR19.4bn (\$3.3bn) bid for Navigation Mixte, the food to financial services conglomerate...

ment shareholder structure - the next biggest stake is about 5 per cent.

officials said Paribas now wanted to proceed regardless, to show it refused to submit to Mixte pressure on the bank not to buy the tendered shares.

Burda sells US printing side

By Our Financial Staff

R.R. Donnelley, the US printing business, is to pay \$487.5m for Meredith/Burda, the US printing joint venture between the Burda group of West Germany and Meredith, the US media group.

VW in E. German joint venture

By Kevin Done, Motor Industry Correspondent

VOLKSWAGEN, the West German automotive group, has set up a 50/50 joint venture with East Germany to plan the joint development of cars and light commercial vehicles.

UBF forecasts lower profit

By Our Financial Staff

UNION Bank of Finland will have a considerably weaker result in 1989 and the outlook for 1990 is "satisfactory at most," Remter reports.

Rabobank studies insurance merger

By Our Financial Staff

RABOBANK, the big Dutch banking group, and NY Interpolis, the co-operative insurance group, are examining the possibility of a merger, Remter reports.

Legal upset for Mondadori

By Our Financial Staff

MR Silvio Berlusconi, the Italian media magnate, and his allies are celebrating their first legal victory of any importance in the battle for control of Mondadori, Italy's largest publishing group, writes John Wyles.

Table with columns: WEEKLY PRICE CHANGES, Latest prices, Change on week ago, Year to date, High 1989, Low 1989. Includes Gold, Silver, Copper, Lead, Nickel, Zinc, Tin, Cocoa, Coffee, Sugar, Barley, Wheat, Cotton, Wool, Oil.

Table with columns: LONDON METAL EXCHANGE, Close, Previous, High/Low, AM Official, Kibitz, Close, Open Interest. Includes Aluminum, Cash, Copper, Lead, Nickel, Zinc, Tin, Special High Grade.

Table with columns: US MARKETS, A WEAKER US DOLLAR prompted modest strength in the precious metals ahead of the long-weekend, reports Drexel Burnham Lambert.

Table with columns: SPOT MARKETS, Crude oil (per barrel FOB), Brent Blend, WTI (11 pm est), Oil products, Premium Gasoline, Gas Oil, Heavy Fuel Oil, Zinc, Petroleum Argus Estimates.

Table with columns: POTATOES - SPIKE, Close, Previous, High/Low, \$/tonne. Includes Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: SOYABEAN MEAL - SPIKE, Close, Previous, High/Low, \$/tonne. Includes Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: RUBBER - SPIKE, Close, Previous, High/Low, \$/tonne. Includes Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: SOYABEAN OIL - SPIKE, Close, Previous, High/Low, \$/tonne. Includes Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: SUGAR - SPIKE, Close, Previous, High/Low, \$/tonne. Includes Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: CRUDE OIL - SPIKE, Close, Previous, High/Low, \$/barrel. Includes Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: SOYABEAN OIL - SPIKE, Close, Previous, High/Low, \$/tonne. Includes Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: SUGAR - SPIKE, Close, Previous, High/Low, \$/tonne. Includes Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: CRUDE OIL - SPIKE, Close, Previous, High/Low, \$/barrel. Includes Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: SOYABEAN OIL - SPIKE, Close, Previous, High/Low, \$/tonne. Includes Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: SUGAR - SPIKE, Close, Previous, High/Low, \$/tonne. Includes Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to fall

The dollar continued to weaken in thin trading ahead of the Christmas holiday. A narrowing of interest rate differentials between New York and Frankfurt pushed the dollar lower, after Wednesday's action by the Federal Reserve to inject liquidity in New York.

very little movement against its partners in the European Monetary System. At the close the dollar had fallen to DM1.7080 from DM1.7250, to Y142.85 from Y143.70, to SF1.5495 from SF1.5575, and to FF4.8400 from FF4.8950.

and closing at 85.61. The Bank of England forecast a large credit shortage of £1,100m, and absorbed the entire amount in early operations with assistance of £1.14m.

There was adverse reaction in US debt futures on the Chicago market to news of a surprisingly high rise of 5.1 per cent in November US durable goods orders, but this did not prompt any significant movement in the dollar. Levels of DM1.70 and Y142.30 are seen as technical support points for the US currency.

sterling also traded very quietly, lacking fresh factors. The pound improved against the dollar, but lost ground to the firm D-Mark and the Japanese yen. Sterling rose 85 points to £121.00, and was unchanged at SF2.2125. On the other hand the pound fell to DM2.7975 from DM2.7825, to Y281.50 from Y281.75, and to FF4.4675 from FF4.5050.

Bill maturities in official hands, repayment of late assistance and a take-up of Treasury bills drained £285m, with a pre-Christmas rise in the note circulation absorbing £550m. These factors outweighed Exchequer transactions adding £260m to liquidity and bank balances above target of £285m.

STERLING INDEX

Table with columns: Dec 22, Latest, Previous. Rows: 1 month, 3 months, 12 months.

STERLING INDEX

Table with columns: Dec 22, Dec 21, Previous. Rows: 8.00, 9.00, 10.00, 11.00, 12.00, 13.00, 14.00.

CURRENCY RATES

Table with columns: Dec 22, Bank, Spot, 3 months, 6 months, 12 months. Rows: Sterling, Swiss, French, Japanese, etc.

CURRENCY MOVEMENTS

Table with columns: Dec 22, £, \$, DM, FF, SFr, Hk\$, Lira, C\$, B\$. Rows: Sterling, Swiss, French, Japanese, etc.

OTHER CURRENCIES

Table with columns: Dec 22, £, \$, DM, FF, SFr, Hk\$, Lira, C\$, B\$. Rows: Argentina, Australia, Brazil, Canada, etc.

FORWARD RATES AGAINST STERLING

Table with columns: Dec 22, 1, 3, 6, 12 months. Rows: US Dollar, Swiss Franc, etc.

FRANCE BANKING AND INVESTMENT

The Financial Times proposes to publish a Survey on the above on 2nd November 1989. For a full editorial synopsis and advertisement details, please contact: Patricia Surridge on 01-873 3426 or Benjamin Hughes.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table with columns: Dec 22, Day's spot, Close, One month, Three months, Six months, One year. Rows: US, Canada, Mexico, etc.

POUND SPOT-FORWARD AGAINST THE POUND

Table with columns: Dec 22, Day's spot, Close, One month, Three months, Six months, One year. Rows: US, Canada, Mexico, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Dec 22, Unit, Current rate, % change, Disparity. Rows: Belgium, France, Germany, etc.

EURO CURRENCY INTEREST RATES

Table with columns: Dec 22, Short, 7 days, One month, Three months, Six months, One year. Rows: Sterling, Swiss, French, Japanese, etc.

EXCHANGE CROSS RATES

Table with columns: Dec 22, £, \$, DM, FF, SFr, Hk\$, Lira, C\$, B\$. Rows: £/\$, £/DM, £/FF, etc.

FT LONDON INTERBANK FIXING

Table with columns: Dec 22, 3 months US Dollars, 6 months US Dollars. Rows: £/\$, £/DM, £/FF, etc.

MONEY RATES

Table with columns: Dec 22, Treasury 911s and Bonds. Rows: One month, Three months, Six months, One year.

LONDON MONEY RATES

Table with columns: Dec 22, Overnight, 7 days, One month, Three months, Six months, One year. Rows: Interbank Offer, Interbank Bid, etc.

FINANCIAL FUTURES AND OPTIONS

LIFFE LIAB ONLY FUTURES OPTIONS

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE EURO CURRENCY FUTURES

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 3-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 6-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 9-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 12-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 15-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 18-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 21-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 24-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 27-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 30-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 33-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE US TREASURY FUTURES OPTIONS

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE EURO CURRENCY FUTURES

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 3-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 6-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 9-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 12-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 15-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 18-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 21-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 24-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 27-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 30-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 33-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 36-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 39-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 42-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 45-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 48-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 51-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 54-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 57-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 60-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 63-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 66-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 69-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 72-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LONDON RECENT ISSUES

EQUITIES

Table with columns: Issue, Price, Change, etc. Rows: 4100, 4200, 4300, etc.

FIXED INTEREST STOCKS

Table with columns: Issue, Price, Change, etc. Rows: 90/0, 91/0, 92/0, etc.

RIGHTS OFFERS

Table with columns: Issue, Price, Change, etc. Rows: 100, 110, 120, etc.

TRADITIONAL OPTIONS

Table with columns: Issue, Price, Change, etc. Rows: 100, 110, 120, etc.

GRANVILLE SPONSORED SECURITIES

Table with columns: Issue, Price, Change, etc. Rows: 100, 110, 120, etc.

GLOBAL GOVERNMENT PLUS FUND LIMITED

International Depository Receipts representing 100 Common Shares. Notice is hereby given to the shareholders that the Board of Directors of GLOBAL GOVERNMENT PLUS FUND LIMITED has declared a quarterly dividend of USD 0.105 per common share payable over the next quarter on a monthly basis in January, February and March.

IG INDEX

Table with columns: Issue, Price, Change, etc. Rows: 100, 110, 120, etc.

FT-SE 100 Where next?

Call for our current views. FT-SE 100 Index: 2,345.25. FT-SE 100 Index: 2,345.25.

BUSINESS SOFTWARE

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FT GUIDE TO WORLD CURRENCIES In 27/12/89's edition.

LONDON TRADED OPTIONS

Table with columns: Dec 22, CALLS, PUTS, etc. Rows: 100, 200, 300, 400, 500.

VOLUME on the London Traded Options Market

Activity was a low 11,131 contracts; most of these were call options, which traded 8,144 lots compared with 2,987 puts. Volume was concentrated in the busiest equity options of the week with the FT-SE 100 index option extremely quiet.

LIFFE LIAB ONLY FUTURES OPTIONS

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE EURO CURRENCY FUTURES

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 3-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

LIFFE 6-MONTH EURO

Table with columns: Dec 22, Close, Dec 21, Change. Rows: 100, 200, 300, 400, 500.

WORLD STOCK MARKETS

US MARKETS (Spn)

Table of US stock market data including S&P 500, Dow Jones, and various industry indices. Includes columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

AUSTRIA

Table of Austrian stock market data with columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

FRANCE (continued)

Table of French stock market data with columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

GERMANY (continued)

Table of German stock market data with columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

ITALY (continued)

Table of Italian stock market data with columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

NETHERLANDS

Table of Dutch stock market data with columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

SWEDEN

Table of Swedish stock market data with columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

NETHERLANDS (continued)

Table of Dutch stock market data with columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

FRANCE (continued)

Table of French stock market data with columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

GERMANY (continued)

Table of German stock market data with columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

ITALY (continued)

Table of Italian stock market data with columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

NETHERLANDS (continued)

Table of Dutch stock market data with columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

SWEDEN (continued)

Table of Swedish stock market data with columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

CANADA (Spn)

Table of Canadian stock market data with columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

JAPAN

Table of Japanese stock market data with columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

FRANCE (continued)

Table of French stock market data with columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

GERMANY (continued)

Table of German stock market data with columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

NETHERLANDS (continued)

Table of Dutch stock market data with columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

SWEDEN (continued)

Table of Swedish stock market data with columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

INDICES

Table of various stock indices including DOW JONES, S&P 500, and industry-specific indices. Columns include Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

NEW YORK ACTIVE STOCKS

Table of active stocks in New York with columns for Stock, Change, Volume, Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

TRADING ACTIVITY

Table of trading activity with columns for Stock, Volume, Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

CANADA TORONTO

Table of Canadian stock market data for Toronto with columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

WORLD

Table of world stock market data with columns for Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

Base values of all indices are 100 except NYSE All Common - 1926, Standard and Poor's - 1941, and Toronto Composite and Nikkei - 1950. Toronto and Nikkei 1975 and Montreal Portfolio (1/1) 83. Excluding bonds. Industrial, plus Utilities, Financial and Transportation. (C) Closed. (U) Unavailable.

Large table of international stock market data for various countries including Australia, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, India, Indonesia, Israel, Italy, Japan, Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, UK, USA, and West Germany. Columns include Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1989.

Handwritten text in Arabic script: "معلومات إضافية"

WORLD STOCK MARKETS

Looking back at the future from the brink of the next millennium

CHIRSTMAS 1999. It is minus 25 degrees outside the refurbished office building in Vladivostok, where Astrid Arkhangels, investment consultant and globetrotter extraordinaire, has just completed a week of intense negotiations.

She is in town to advise the autonomous Soviet Far East region on its fledgling stock exchange.

The location was chosen to take advantage of trade links with Japan and the north Asian trading bloc. There should be some spin-offs, too, from the offshore tax haven that the Russians have set up in the Aleutian Islands.

Astrid has an hour or so to kill before her flight home. (Thank goodness the Europeans stayed with the space plane project - Siberia is no place to start a rail journey in mid-winter, even by TGV.)

She has already spoken by pocket computer to her husband, Mariz, as managing director of a successful chain of private crèches, he has finished early for Christmas and is at home with the children, putting up the decorations.

Here they are at the brink of the 21st century. How will the markets look in 100 years, or indeed in 10? And what had people expected to happen in the decade that is now coming to an end?

Seeking inspiration, Astrid decides to flick through the predictions made at Christmas 1989. She logs on to her computer, which asks, with only a trace of a Taiwanese accent, what file she wants. "HIND-SIGHT please," she replies.

Most pundits had agreed that the stock market gains of the glorious 1980s were unrepeatable. Mr Alan Butler-Henderson, global strategist at brokers W.I. Carr, said that western governments had been too easy on the economic run, but that the '90s would be different. Accompanying the financial deregulation of the '80s had been a worrying debt build-up.

There was probably is that in order to try to hold on to power, governments will have to give in more and more to soft options. There will be a gradual creep up of underlying inflation and a return to quite

high public spending. "Some countries may go back to budget deficits as they struggle to keep up the inflation with the public that everything is hunky-dory."

The cult of the equity would fade. Astrid nods in agreement - she is, after all, a consultant to one of only 12 remaining global securities firms.

Smaller, regional houses have survived, but competition from the big commercial banks has added to the squeeze on global aspirants at a time when institutional money has been flowing out of financial markets into pension and insurance payouts to ageing western and Japanese populations.

Not that the pharmaceutical and leisure sectors have done badly from the "greying" of society. There have been some other big investment themes over the past 10 years, too, notably in telecommunications and the environment.

But what of Tokyo and Wall Street, the leaders of the 1980s? How had their future been perceived in 1989?

There had been few doubts that Japan would become an

equity replaces debt. But I don't see the fiscal incentives in place yet to encourage people to buy equities."

For the past few weeks, Astrid has been busy selling Vladivostok as the emerging market of the 21st century, with Soviet-Japanese ventures in interplanetary exploration high on the buy list among the smaller quoted companies.

Hopes at the end of the '80s were riding on rather different tigers. "If I had to put money away today and, Rip Van Winkle-style, wake up 10 years from now, I think I'd have a lot more money in India than in other places," Mr Downey had professed.

India had the size and the market structure to succeed, and it needed to finance its industrial development. "It could be the great new economic power in that region."

Mexico had also been favoured, for its close economic relationship with North America, the stability afforded by its large neighbour to the north, and its substantial state-run sector that was seen

as ripe for privatisation. China had been a great unknown, although there were optimists around. "I think China will be westernised at some point and, with over one billion people, that could become a huge consumer society, right on the doorstep of reasonably low cost manufacturing," said Mr Ernie McKnight of Scottish Amicable Investment Management.

"There's a lot of talk that 1997 could be the demise of Hong Kong, but actually it could be its making... and you could see China as one of the developing markets by the end of the 1990s."

The changing face of Europe had attracted the most intense debate at the end of the '80s, but the likely impact on stock markets might have several very nasty crashes," said Mr Zapf.

Mr Peter Roe, head of equity research at Nikko Securities, had envisaged markets developing rapidly in Poland, Hungary and Czechoslovakia. "It will be the Thailand and Taiwan of 1999," he said. "It also expects that capitalism would be beginning to be visible in Russia."

Touring Vladivostok's well-filled duty free shop for a few last-minute presents, Astrid smiles knowingly to herself. Then she stops in her tracks. She has forgotten to tell Mariz to set the video for "Back to the Future." Some things, it seems, never change.

Alison Maitland travels through time to the closing days of 1999 and considers what stock markets might look like by then

Others, however, had seen the Nikkei peaking by the middle of the 1990s, as the huge export of Japanese money into land, companies and financial assets in the US, Asia and Europe would divert resources from the home market and cause the yen to weaken.

Ironically, they had seen Tokyo's influence on other markets increasing as it ceased to outperform. The fear of a major earthquake in Japan or

suffer from an oversupply of equity and a consequent decline no higher in real terms than it had started.

There would be a reversal of the situation in the 1980s, when companies disappeared in a burst of leveraged takeovers. "I think there will be an unwinding of the huge debt positions in western Europe and the US... The function of the market in America may be as the mechanism whereby

AMERICA

Holiday spirit keeps volume thin

Wall Street

THE HOLIDAY spirit hit Wall Street yesterday, and with it came light trading and little movement in the stock market, writes Karen Zagor in New York.

At 1:30 pm, the Dow Jones Industrial Average was up 8.32 at 2,699.46. Volume on the New York Stock Exchange was thin, with fewer than 80m shares changing hands. Advancing issues outpaced declines by a ratio of eight to five.

The debt market was shaken by an unexpected 5.1 per cent increase in durable goods order data. The reports suggested firm business spending, which should help prevent a recession, according to some analysts.

The market had been looking for an unchanged number for durable goods. At mid-

day, the Treasury's benchmark 30-year bond was down 4 points at 102 1/2, yielding 7.87 per cent. Fed Funds were trading at 5 1/2 per cent.

The dollar was also lower in light trading, as speculators pushed it below support levels. Among featured stocks, Campbell Soup plunged 4 1/2 to 52 1/2 after rallying earlier in the week amid takeover speculation. Late on Thursday, several members of the Durrance family, who together hold a 31.3 per cent stake in the company, said they were committed to maintaining its independence.

Meredith jumped 3 1/2 to 34 1/2 after RR Donnelley and Sons agreed to acquire the company's printing business for \$457.5m. RR Donnelley was up 3 1/2 at 54 1/2.

Shares in seven Bell operating companies advanced yesterday morning after the Fed-

eral Communications Commission said it would adopt a plan next year to regulate the prices charged by local telephone companies, rather than the companies' profits.

Ameritech rose 1 1/2 to 35 1/2, Bell Atlantic gained 3/4 to 109 1/4, BellSouth added 2 1/4 to 57 1/2, Nyxer improved 3/4 to 30 1/2, Pacific Telesis group was up 1/2 at 44 1/2, Southwestern Bell climbed 1 1/4 to 32 1/2 and US West advanced 1 1/4 to 78 1/2.

General Signal fell 3/4 to 47 1/2 after the company said it would sell its 50 per cent stake in its UK signalling venture. Epsilon Data Management fell 3/4 to 6 1/2 after William Burden & Co sold a 5.6 per cent block of the company's stock yesterday morning. Burden bought much of its stake in 1985 for between \$15 and \$16 a share.

Sum Co, which said late on

Thursday that it would take a charge of \$177m in the fourth quarter, fell 3/4 to 44 1/2. The company also said that pre-charge fourth-quarter earnings would be down sharply from the previous year.

Canada

A SHORT session in Toronto saw share prices close mixed in moderate trading.

The composite index eased 4.99 to 3,997.19, although advances led declines by 22 to 212. Volume was 15m shares compared with Thursday's 23m in a full trading day - yesterday's session was reduced by three hours.

Rogers Communications B stock gained 1/4 to C\$109 1/2 after the company said it had made a loss in the year to 1989 for between \$15 and \$16 a share.

Sum Co, which said late on

ASIA PACIFIC

Interest rate fears depress Nikkei

Tokyo

AN EARLY hint of renewed energy was soon erased by fresh fears of a possible increase in the official discount rate and share prices suffered another drop in very thin trading, writes Michiko Nakamoto in Tokyo.

Turnover fell even further to a sluggish 571m shares, from Thursday's 672m, reflecting widespread unwillingness to take positions before the weekend. The Nikkei average closed at 38,040.37, a loss of 175.11 on the day and 0.6 per cent on the week. It had reached a day's high of 38,428.42 and fallen through 38,000 to a low of 37,962.62.

Declines led advances by 577 to 348 while 208 issues were unchanged. The Topix index of all listed stocks shed 15.02 to 2,810.74. In London the ISE/Nikkei 50 index was 1.02 lower at 2,105.83.

The Bank of Japan continued to express a strong desire to raise rates in spite of clear

opposition from the Ministry of Finance. The newly-inaugurated Bank of Japan Governor, Mr Yasuhide Mieno, said in an interview yesterday that rates needed to be raised in order to prevent inflationary pressures from worsening.

The market was thrown into further confusion by rumours that Mr Mieno would hold a press conference to announce the rate increase, an event that was subsequently ruled out by finance ministry officials.

In the uncertain environment, buying interest remained selective, with rumoured takeover targets attracting most of the attention. Honshu Paper, a leading paper company, topped the volumes list with 17.5m shares traded and gained ¥70 to ¥1,530 on rumours that its shares were being accumulated by a real estate group.

Isket, a leading agricultural machinery maker, rose on expectations that it would erase its losses, gaining ¥40 to ¥1,090 in active trading. In Osaka, special situations

provided some sparkle, but weakness in leading issues pushed the OSE lower for a fourth session to close 61.73 down at 38,548.61. Volume fell to 61.8m shares from 76.7m on Thursday.

Roundup

RALLIES were staged and some records broken as investors remained in a positive mood.

HONG KONG advanced to its highest level since its slump in early June. The Hang Seng index gained 53.33, or 1.9 per cent, to 2,921.02 - a rise on the week of 0.8 per cent.

Sentiment was boosted by Thursday's news of a plan by Citic of China to buy a stake of 10 to 20 per cent in Hongkong Telecom, which gained 30 cents to HK\$5.40. Market turnover picked up to HK\$941m from Thursday's HK\$694m.

KUALA LUMPUR kept its rally going, as the composite index rose 7.22, or 1.3 per cent, to another record of 568.59 on institutional and speculative

buying. Promet, the most active stock, gained 10 cents, or 8.5 per cent, to 1.17 ringgit.

SINGAPORE also attracted the institutions and speculators, closing firmer in spite of late profit-taking. The Straits Times Industrial Index rose 12.13 to another post-crash high of 1,494.57 - 1 per cent higher over the week and only about 20 points short of its all-time high of 1,505.40 set in August 1987. Volume surged to 134m shares from 87m.

AUSTRALIA enjoyed a pre-Christmas rally on local and foreign demand, the All Ordinaries index gaining 5.9 to 1,645.5 for a rise of 1.6 per cent on the week.

Blue chip industrials, resources and banks held most interest, with optimism that local interest rates might have peaked, but turnover was thin in a shortened session.

NEW ZEALAND had a strong half-day session, with the Barclays index gaining 22.73, or 1.2 per cent, to 1,979.37 in this trading. Elders advanced 9 cents to NZ\$2.27.

EUROPE

Romanian events spur Frankfurt higher

THE OVERTHROW of President Ceausescu of Romania and the consequent Christmas period double cause for celebration yesterday, although the cheers were mainly concentrated in West Germany and some bourses were very quiet, writes Our Markets Staff.

FRANKFURT welcomed events in Romania by going on a share-buying spree. The DAX index, which had been 7 or 8 points higher, shot up about 15 points immediately after news of his flight.

The DAX closed 19.91 points, or 1.2 per cent, higher at another record of 1,996.36, for a rise of 4.2 per cent over the week. The FAZ gained 3.63 to 705.97, a post-crash high and a 3.2 per cent improvement on the week, and turnover remained heavy at DM6bn, after DM6.5bn on Thursday.

Investors had interpreted events in Romania as a signal that the process of liberalisation in East Europe could not be stopped by any dictator or policy, said one observer.

Frankfurt, with its connections with the east of the Continent, stood to profit most from such liberalisation. "Germany is in, and will stay in," he said.

Companies that stand to benefit from business in East Europe made big gains, but buying was widespread. Daimler surged DM22 to DM746 after

a bullish study by a leading bank, while BHF Bank, which had risen 19 per cent in 1989, was formed by West German and Hungarian partners, gained DM11 to DM437. VW, which signed its previously announced agreement for a joint car and van-making venture in East Germany, rose DM570 to DM658.20.

Salomon, the shoe maker which has joint ventures in Hungary and the Soviet Union, gained DM23 to DM527; there was talk that Deutsche Bank might take a 10 per cent stake in the company.

PARIS improved slightly on Thursday's gains, although trading was subdued as many brokers and investors left early for Christmas. The CAC 40 index was up 2.57 at 542.91, a gain of 2 per cent this week, and the CAC 40 index closed 4.54 higher at 1,961.97, or 1.6 per cent better than the previous Friday.

Paribas shares edged up FF2 to FF735 after the bank indicated that it intended to pursue its so far unsuccessful bid for Navigation Mixte. The

latter, which has itself emerged with a state of mind more than 19 per cent higher, eased FF1 to FF1,888.

Avions Dassault climbed FF37 to FF1540 amid speculation about an aircraft order, while Pechebraun, the holding company, fell FF38 to FF712 after shareholders approved a plan to increase its defences against takeover.

MILAN finished mixed after a slight loss in early trading. The Comit index slipped 0.15 to 683.28, a 0.4 per cent rise on the week. Some stocks fell sharply.

Cr. Mr Carlo De Benedetti's holding company, fell L175 to L4,960, reaching L4,890 after the close, following a court decision blocking his request for Mondadori shareholder meetings in January. Mondadori lost L760 to L39,960.

Olivetti, which has cut its profits forecast and plans to lay off 500 employees next year, dropped L160 to L7,455, falling to L7,400 in later trading. Montedison shed L65 to L2,048 and Enimont L40 to L1,626; the law to give Enimont a tax break was delayed again on Thursday.

ZURICH erased most of its early small gains to end little changed. The Credit Suisse index eased 1.5 to 611.7, 0.5 per cent lower over the week.

AMSTERDAM saw turnover shrink further to F1423m but the indices crept upwards and

there were a few strong blue chip gains. The CBS ten-year index rose 0.7 higher at 182.6, hereby changed on the week.

NatNed, the insurance group, added Fl 1.20 to Fl 73.40 following positive comments in the investment press, while Van Ommereen Ceteco, the transport and trading company, closed at Fl 2.30 to Fl 32.10 after its end-of-year statement dispelled fears of another setback in the second half.

BRUSSELS was led higher by UCB, the chemicals group, which announced a rationalisation programme to streamline its business and rose BF350 to BF19,350. The company also said it was selling two paper conversion plants and its interest in a polyethylene plant to West German companies for BF2m. The cash market index gained 41.07 to 6,441.39.

OSLO closed mixed in active trading as investors adjusted portfolios before Christmas. The all-share index dipped 0.16 points to 515.85 in trading worth NK451m.

STOCKHOLM remained fairly firm, reflecting the spate of recent mergers and acquisitions. The All-Share index General Index closed just 3.1 easier at 1,218.6.

HELSINKI fell in moderately active trade, the Unitas all-share index declining 1.6 to 612.6, a fall of 0.6 per cent on the week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY DECEMBER 21 1989					WEDNESDAY DECEMBER 20					DOLLAR INDEX		
	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)	
Australia (65)	148.82	+0.1	137.57	128.48	+0.1	5.38	148.54	138.31	128.42	150.41	129.28	144.34	
Austria (19)	108.38	+2.2	154.79	131.52	+1.1	1.61	161.79	132.47	148.70	172.22	92.54	95.22	
Belgium (69)	146.77	+1.1	137.70	134.25	+0.3	4.14	146.77	136.95	138.65	150.39	125.58	134.27	
Canada (121)	109.89	+0.6	138.73	128.85	+0.8	3.18	149.32	138.86	128.09	154.17	124.87	124.35	
Denmark (36)	228.45	+1.0	213.72	212.85	+0.1	1.48	229.24	212.98	212.55	237.06	185.35	183.21	
Finland (28)	132.57	+0.8	121.42	118.55	+0.3	2.69	124.37	118.03	114.37	125.89	85.50	130.24	
France (126)	151.49	+2.1	139.26	140.08	+1.3	2.86	148.43	137.28	138.30	151.49	117.23	112.04	
West Germany (96)	114.93	+1.2	105.87	103.07	+0.3	2.04	113.81	105.08	102.77	114.93	79.98	87.81	
Hong Kong (48)	112.28	+0.7	109.57	112.59	+0.0	4.77	110.42	118.54	140.38	88.41	108.32	115.37	
Italy (87)	86.36	+0.9	102.57	103.10	+0.1	2.57	102.77	102.11	103.01	103.01	103.01	103.01	
Japan (455)	184.17	+0.8	178.53	178.37	+0.5	0.48	185.28	180.61	177.75	200.11	115.35	147.96	
Netherlands (50)	228.56	+1.5	207.21	204.43	+1.2	2.28	222.97	205.78	221.58	228.56	143.35	142.01	
Norway (13)	311.09	+0.1	286.03	286.94	+0.2	0.57	310.73	287.39	308.11	322.81	153.32	165.00	
Netherlands (48)	198.07	+0.8	127.86	123.71	+0.0	4.91	127.87	127.81	123.88	138.47	110.83	110.90	
New Zealand (18)	71.12	+0.2	66.29	66.39	+0.1	5.58	71.22	66.39	66.39	66.39	66.39	66.39	
Norway (24)	191.43	+0.6	178.03	173.20	+0.0	1.57	180.32	178.02	173.27	188.38	139.92	138.54	
Singapore (26)	176.77	+0.8	162.53	154.89	+0.5	1.99	175.38	162.21	154.17	176.77	124.57	120.94	
South Africa (80)	182.00	+0.2	177.45	153.98	+0.3	3.88	182.82	178.15	154.18	183.00	115.35	115.21	
Spain (43)	145.15	+0.5	147.26	135.28	+0.3	1.89	150.11	148.08	135.84	150.11	115.35	115.21	
Sweden (55)	184.15	+0.4	169.29	170.84	+0.1	2.01	183.36	169.59	170.67	188.45	138.45	144.16	
Switzerland (82)	92.15	+1.0	84.72	88.98	+0.7	2.01	91.24	84.39	88.98	94.18	67.81	76.63	
United Kingdom (308)	154.33	+0.3	141.90	141.90	+0.3	4.38	153.85	141.90	141.90	154.33	139.26	138.51	
USA (544)	139.55	+0.7	128.37	128.37	+0.7	3.23	138.78	128.37	128.37	139.55	112.13	112.75	
Europe (980)	137.42	+0.9	128.35	128.16	+0.2	3.37	138.26	128.02	124.05	137.42	112.63	112.98	
Norice (121)	181.23	+0.7	166.53	159.08	+0.1	1.78	173.88	163.42	158.92	181.23	137.95	138.27	
Pacific Basin (69)	189.58	-0.5	174.31	172.15	-0.7	0.70	180.80	178.28	174.41	194.72	160.44	182.57	
North America (65)	188.85	+0.1	165.26	153.37	-0.4	1.58	188.85	155.29	154.03	170.37	141.58	154.70	
Europe Ex. UK (657)	140.13	+0.6	128.84	138.78	+0.8	3.34	138.32	128.86	137.97	148.88	112.79	112.79	
World Ex. Japan (213)	134.57	+1.2	115.76	114.84	+0.6	1.81	134.57	115.03	114.37	134.57	100.40	100.40	
World Ex. US (162)	168.56	+0.1	123.73	119.85	+0.1	4.82	134.42	124.33	119.74	140.05	111.93	123.35	
World Ex. UK (203)	157.44	+0.1	154.97	152.72	-0.4	1.65	168.64	155.97	153.32	168.64	141.48	152.26	
World Ex. So. Am. (233)	156.92	+0.7	144.28	143.17	-0.1	1.97	157.24	145.43	149.01	159.48	136.98	139.20	
World Ex. Japan (184)	138.51	+0.7	128.37	133.70	+0.4	3.17	138.51	128.37	128.37	138.51	115.35	115.70	
The World Index (2589)	157.14	+0.1	144.48	148.20	-0.1	2.18	158.92	145.13	148.35	158.01	138.58	137.68	

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A Financial Times Publication

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LONDON STOCK EXCHANGE

Share prices enjoy pre-Christmas rise

SHARE prices in London's equity market gave a spirited performance to bring the pre-Christmas trading account to a close, moving up steadily throughout a shortened session.

Account Dealing Dates
Fixed Dealing Dec 27 Dec 27 Jan 15
Options Dealing Dec 21 Dec 11 Jan 25
Last Dealing Dec 22 Jan 12 Jan 28

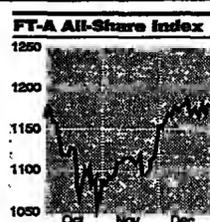
economy into recession. No real selling pressure emerged in the market, however, and share prices began to edge higher after a sluggish opening.

in recent days. TSB, the high street banking group, was active after reports that the bank may be considering a share buy-back programme.

The gradual improvement in the market was further emphasised when Wall Street came in showing a minor gain and UK blue chips eventually ended the session at the day's best levels.

Brewers weak on spirits deal

THE LONG-AWAITED sale of Whitbread's spirits division to Allied Lyons left shares in both companies a little weaker. The 2545m paid disappointed those who had taken seriously market suggestions earlier in the week of a 2700m price tag.



restaurant chains. Whitbread recently found restaurants in the US and Australia, and the sale of the spirits division allows the company to move into states that forbid a single organisation both to make and sell spirits.

3.8m shares. The price firmed a penny to 108p. Among food stocks the only significant mover was Milldown, which recovered 8 to 275p on thin trading after recent underperformance.

among the clearers with a rise of 7 to 385p on steady turnover of 1m. Dealers said that Milldown would be picked by the press as one of the 'takeovers' to be completed in 1990. The company is considered the most likely bid target among the clearers, largely because of a 14.9 per cent stake held by Hongkong and Shanghai Bank.

heart drug embase. Turnover was a slim 394,000. Shares in Rechem, the toxic waste disposal group, continued to rise following proposals to reduce pollution included in the Protection of the Environment Bill published by the Government on Wednesday. The shares gained 36 to 625p.

LEADERS AND LAGGARDS
Percentage changes since December 30 1988 based on Thursday December 21 1989
Gold Mines Index + 84.56
Insurance(Life) + 51.01
Health & Household Products + 22.22

Financial Group + 24.94
Industrial Group + 24.84
Transport + 22.22
Telephones Networks + 21.77

BENCHMARK GOVERNMENT BONDS
Coupon Red Date Price Change Yield Week Month
UK GILTS 13.500 9/02 104.05 11.85 11.80 11.83

US TREASURY 7.875 11/09 100.13 -11.32 7.81 7.78 7.90
JAPAN No 111 4.800 9/99 84.1082 -0.461 5.78 5.47 5.40

FRANCE BTAN 8.000 10/94 85.3859 -0.088 8.77 8.52 8.63
CANADA 9.250 12/99 98.4250 -0.175 9.50 8.47 8.10
NETHERLANDS 7.250 7/99 96.5250 +0.016 7.77 7.72 7.83

COMMODITIES

WEEK IN THE MARKETS

Metals rally ahead of holiday

SEASONAL CHEER came to the London Metal Exchange at the eleventh hour this week, with most contracts regaining at least some of their earlier losses in yesterday's shortened, pre-holiday trading session.

the cash and three months positions had been trading at parity. Precautious buying prompted by the Panama situation had lifted copper prices a little early in the week, but the bear trend had quickly been reasserted after the price rise ran into chart-related resistance.

tomorrow on Tuesday before surging forward to end the week with a £19.75 rise to £451.75 a tonne. But that still was not enough to recoup last week's £31.50 fall.

futures prices touched six month lows and the London daily raws price ended £19.80 down at £311.80 a tonne, nearly \$70 down from the peak reached only five weeks ago.

APPOINTMENTS

Royal Bank of Scotland makes promotions

THE ROYAL BANK OF SCOTLAND has made the following promotions. Mr Alfred Moon, assistant general manager, personnel, becomes assistant general manager, consumer banking, from April 17 when Mr Ian Taylor retires; Mr Moon takes up the post of general manager, consumer banking (designated) on January 1. Mr Neil Ashton, assistant general manager, training and development, becomes assistant general manager, personnel, from January 1. He is succeeded by Mr John Cameron, at present assistant to the managing director.

NEW HIGHS AND LOWS FOR 1989

Table with columns: British Pounds, Carpa. Don. & Foreign Bonds, Industrial, Financial and Prope., City, Plantations, Mines, Others. Includes sub-tables for RISES AND FALLS and TOTALS.

TRADING VOLUME IN MAJOR STOCKS

Table with columns: Volume, Change, Day's High, Day's Low. Lists various stocks like BHP, Anglo, etc.

FINANCIAL TIMES STOCK INDICES

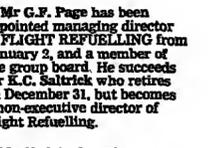
Table with columns: Dec 22, Dec 21, Dec 20, Dec 19, Dec 18, Dec 17, Dec 16, Dec 15, Dec 14, Dec 13, Dec 12, Dec 11, Dec 10, Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, Year Ago, High, Low, Since Completion, High, Low. Includes sub-tables for GILT EDGED ACTIVITY and TRADING VOLUME IN MAJOR STOCKS.

AVIATION IN ASIA & THE PACIFIC
The Financial Times proposes to publish a Survey on the above on 20th February 1990
For a full editorial synopsis and advertisement details, please contact: Penny Scott on 01-873 3595 or write to her at: Number One, Southwark Bridge London SE1 9HL.

Executive directors of Anglo American Corp
Mr P.J.R. Leyden, Mr D. Rankin and Mr G.L. Sasser have been appointed executive directors of ANGLo AMERICAN CORPORATION from January 1. Mr Sunter will also be appointed chairman and chief executive of the gold and uranium division from April 1, succeeding Mr E.P. Gush who is retiring from his executive posts to pursue his own interests, although he will remain on the board.



Sir Brian Hayden (above), former permanent secretary of the Department of Trade and Industry, has been appointed an advisory director of UNILEVER from January 1. He is also a director of Tate and Lyle, and of Guardian Royal Exchange.



Mr Peter Jackson (above) has been appointed managing director of BRITISH SUGAR following Mr Peter Jacobs' move to chief executive of the parent company BERRISFORD INTERNATIONAL. Mr Jacobs also becomes deputy chairman of British Sugar.

FT UNIT TRUST INFORMATION SERVICE

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AUTHORISED UNIT TRUSTS

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Table listing various unit trusts with columns for name, price, and other details. Includes sections like 'Authorised Unit Trusts', 'Unit Trusts', and 'Unit Trusts'.

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Table listing various unit trusts with columns for name, price, and other details. Includes sections like 'Unit Trusts', 'Unit Trusts', and 'Unit Trusts'.

GUIDE TO UNIT TRUST PRICING. Includes sections: INITIAL CHARGES, UNIT TRUST PRICING, and UNIT TRUST PRICING. Explains how unit prices are determined and how to calculate the net asset value.

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FT UNIT TRUST INFORMATION SERVICE

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Main table containing unit trust information, organized into columns for various trust categories such as 'Windsor Unit Trusts', 'Other UK Unit Trusts', 'General Purpose Life Insurance', 'M & G Life and M & G Pension', and 'MEL Britannia Asset Co Ltd'. Each entry includes the trust name, its unit price, and other relevant details.

INSURANCES

Table listing various insurance policies and their details, including company names and policy types.

Continued on next page

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FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts, their performance metrics, and details.

LONDON SHARE SERVICE

Table of London Share Service listing various funds, shares, and financial instruments with their respective prices and details.

Money Market Trust Funds

Table of Money Market Trust Funds listing various funds and their performance.

Money Market Bank Accounts

Table of Money Market Bank Accounts listing various bank accounts and their interest rates.

LONDON SHARE SERVICE

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AMERICANS - Cont'd

Table listing American companies such as 3M, Alcoa, Amgen, and others with their share prices and market data.

BUILDING, TIMBER, ROADS Cont'd

Table listing companies in the building, timber, and roads sectors, including Balfour Beatty and others.

DRAPERY AND STORES - Cont'd

Table listing companies in the drapery and stores sector, such as Debenhams and others.

ENGINEERING - Cont'd

Table listing companies in the engineering sector, including BAE Systems and others.

INDUSTRIALS (Miscel.) - Cont'd

Table listing various industrial companies like British Petroleum and others.

INDUSTRIALS (Miscel.) - Cont'd

Table listing various industrial companies, continuing from the previous section.

CANADIANS

Table listing Canadian companies such as Alcan and others.

ELECTRICALS

Table listing companies in the electrical sector, including British Energy.

FOOD, GROCERIES, ETC

Table listing companies in the food and groceries sector, such as Asda.

HOTELS AND CATERERS

Table listing companies in the hotels and caterers sector, including Whitbread.

INDUSTRIALS (Miscel.)

Table listing various industrial companies, including British Steel.

INSURANCES

Table listing insurance companies like Aviva and others.

BANKS, HP & LEASING

Table listing banks and hire purchase/leasing companies, including HSBC and others.

CHEMICALS, PLASTICS

Table listing companies in the chemicals and plastics sector, such as ICI.

DRAPERY AND STORES

Table listing companies in the drapery and stores sector, including Debenhams.

INDUSTRIALS (Miscel.)

Table listing various industrial companies, including British Petroleum.

BEERS, WINES & SPIRITS

Table listing companies in the beer, wine, and spirits sector, such as Carlsberg.

BUILDING, TIMBER, ROADS

Table listing companies in the building, timber, and roads sector, including Balfour Beatty.

BUILDING, TIMBER, ROADS

Table listing companies in the building, timber, and roads sector, including Balfour Beatty.

ENGINEERING

Table listing companies in the engineering sector, including BAE Systems.

INDUSTRIALS (Miscel.)

Table listing various industrial companies, including British Petroleum.

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LEISURE

Table of share prices for Leisure companies including Leisure Group, Leisure Leisure, Leisure Leisure, etc.

PAPER, PRINTING, ADVERTISING - Contd

Table of share prices for Paper, Printing, Advertising companies including Newsprint, Newsprint, Newsprint, etc.

PROPERTY

Table of share prices for Property companies including Property, Property, Property, etc.

TRANSPORT

Table of share prices for Transport companies including Transport, Transport, Transport, etc.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, Land companies including Trusts, Finance, Land, etc.

OIL AND GAS - Contd

Table of share prices for Oil and Gas companies including Oil and Gas, Oil and Gas, Oil and Gas, etc.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors, Aircraft Trades companies including Motors, Aircraft Trades, Motors, Aircraft Trades, etc.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, Land companies including Trusts, Finance, Land, etc.

OVERSEAS TRADERS

Table of share prices for Overseas Traders companies including Overseas Traders, Overseas Traders, Overseas Traders, etc.

PLANTATIONS

Table of share prices for Plantations companies including Plantations, Plantations, Plantations, etc.

MINES

Table of share prices for Mines companies including Mines, Mines, Mines, etc.

THIRD MARKET

Table of share prices for Third Market companies including Third Market, Third Market, Third Market, etc.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers, Publishers companies including Newspapers, Publishers, Newspapers, Publishers, etc.

SHOES AND LEATHER

Table of share prices for Shoes and Leather companies including Shoes and Leather, Shoes and Leather, Shoes and Leather, etc.

SOUTH AFRICANS

Table of share prices for South Africans companies including South Africans, South Africans, South Africans, etc.

TEXTILES

Table of share prices for Textiles companies including Textiles, Textiles, Textiles, etc.

TOBACCO

Table of share prices for Tobacco companies including Tobacco, Tobacco, Tobacco, etc.

REGIONAL & IRISH STOCKS

Table of share prices for Regional & Irish Stocks companies including Regional & Irish Stocks, Regional & Irish Stocks, Regional & Irish Stocks, etc.

TRADITIONAL OPTIONS

Table of share prices for Traditional Options companies including Traditional Options, Traditional Options, Traditional Options, etc.

PROPERTY

Table of share prices for Property companies including Property, Property, Property, etc.

TRANSPORT

Table of share prices for Transport companies including Transport, Transport, Transport, etc.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, Land companies including Trusts, Finance, Land, etc.

OIL AND GAS - Contd

Table of share prices for Oil and Gas companies including Oil and Gas, Oil and Gas, Oil and Gas, etc.

MINES - Contd

Table of share prices for Mines companies including Mines, Mines, Mines, etc.

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PLUMB CENTER
WOLSELEY
The name behind the name.

FINANCIAL TIMES

Weekend December 23/December 24 1989

Willett
IS BUILDING
01 689 2266

US admits strong Panama resistance

By Peter Riddell in Washington and Tim Coone in Panama

THE US admitted that it could take months to assert control over Panama as widespread fighting continued yesterday with American forces seeking to subdue troops loyal to General Manuel Antonio Noriega, who is still free.

US military commanders admitted yesterday that the paramilitary Dignity Battalions loyal to Gen Noriega had put up stiffer resistance than expected.

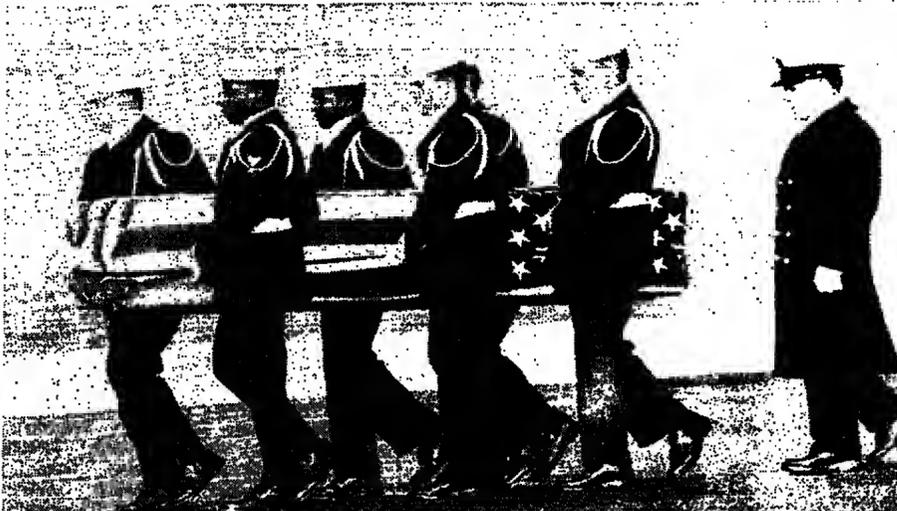
The lack of results and the growing number of US casualties yesterday began to dampen the initial euphoria in the US over the operation launched by President George Bush early on Wednesday.

The latest US casualty count was 20 American servicemen dead, 202 wounded and another two missing. US Southern Command estimates that 122 members of the Panamanian Defence Force have been killed and 60 wounded. The count of wounded was based on those admitted to US military hospitals, and there was no reliable figure for civilian dead and wounded.

General Tom Kelly, the US Army deputy Chief of Staff, said that mopping-up operations in the Panama city could last five to 10 days. He said American troops were going door by door through the old part of the city and had found thousands of weapons.

The US has captured nearly 1,500 members of the Panamanian Defence Force, 9,300 weapons, 25 planes, 16 armoured cars and five patrol boats. They have made no comment on the whereabouts of the bulk of the 15,000 strong Defence Forces believed still loyal to Gen Noriega.

The heaviest fighting yesterday was in Colon, the second main population centre, but there was also bombing by US aircraft of San Miguelito, a working class suburb of the capital. Gen Noriega, the Pana-



The coffin of a US Navy commando killed in Panama on Wednesday arrives at Dover Air Force Base, Delaware

mian dictator wanted by the US on drugs charges, continued to elude the 9,500 US forces sent in to bolster the 13,000 already stationed there which have become increasingly bogged down.

More than two days after the Pentagon claimed to have ended "organised resistance," the headquarters of the US military command at Quarry Heights on the outskirts of Panama City came under mortar fire. Reports described the hour-long attack as heavy and said "military officials huddled with journalists under tables as the building they were in shook." Snipers were also reported and "the sound of

helicopters and machine-gun fire could be heard overhead."

More than a thousand US military police and the 82nd Airborne Division were ordered into the streets of Panama City after two days of looting and disorder left shop windows smashed and most businesses not working. Eye-witnesses said the capital looked as if it had been hit by a hurricane.

Meanwhile, President Guillermo Endara, installed as president at a US military base before the invasion, set a one-month target for the departure of the invasion forces.

So far only the US, Britain, Luxembourg and Dominica

have recognised the new government, and the Organisation of American States voted, with only the US against, that it deeply regretted the military action.

The White House yesterday attempted to convey the impression of normal working as President Bush left, as planned, for his Christmas holiday at Camp David. He will visit the US wounded in Texas towards the end of next week.

While Mr Bush's actions still enjoy majority political and public support in the US, there was an undercurrent of concern about the length of the American military involvement. Mr Bush may come

under more pressure in the New Year unless the level of fighting has been reduced substantially and the Endara Government has shown signs of establishing its authority.

Mr Bush yesterday formally notified Congress of his reasons for ordering the attack, saying that the lives and welfare of US citizens had been "increasingly at risk."

He said that while "most organised opposition has ceased, it is not possible at this time to predict the precise scope and duration of the military operations or how long the temporary increases of US forces in Panama will be required."

Steel purchase referred to monopolies board

By Nick Garnett

BRITISH STEEL'S proposed acquisition of C. Walker, the UK's biggest steel stockholder and distributor, is being referred to the Monopolies and Mergers Commission.

Mr Nicholas Ridley, Trade and Industry Secretary, announcing the referral yesterday, said there were possible effects on competition in the UK stockholding market which deserved investigation. The decision followed a recommendation by the Director General of Fair Trading.

The proposed £330m purchase, announced in October, would have given British Steel about 35 per cent of the total

UK stockholding market controlled by its existing 15 per cent. For some products, it would have more than a half of the market.

The acquisition of C. Walker, which is run by two brothers, Jack and Fred Walker, from headquarters in Blackburn, Lancashire, would be the largest sale of a privately owned company in Britain and the biggest purchase by British Steel since its privatisation at the end of 1988.

When the acquisition was announced, Britain's biggest steelmaker was confident that there would be no serious objections to the move. It said

yesterday: "We are disappointed by the Secretary of State's decision, since we believed, in the circumstances, that a reference to the MMC would be inappropriate."

It seems likely, however, that the deal could still go ahead, although with some modifications. The European Commission under the Treaty of Paris is also investigating the deal and there are indications that the Commission will not object.

Mr Ridley said the predominant responsibility for the merger rested with the Commission but that some competition concerns were not covered

by the Paris Treaty. He had the powers "to require undertakings regarding conduct, and also possibly regarding divestment, if the MMC finds that the merger may be expected to operate against the public interest." The MMC is being asked to report by April 9.

The Office of Fair Trading was worried by two things. One was the strong stockholding overlap in some products between the two companies.

Secondly, the OFT was concerned about the creation of a large vertically integrated structure making steel, with a large stockholding interest.

The decision to buy C. Walker, which made a pre-tax profit of £48.4m on sales of £524m for the year to June, was partly a defensive move by British Steel to stop any continental European steelmaker from encroaching further into the UK market.

Other stockholders were speculating yesterday whether the referral might work to British Steel's advantage.

The industry believes British Steel's agreed offer was too high, that Walker's financial performance is weakening as the market weakens, and that British Steel might be able to renegotiate the deal.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)		PARIS (FFr)	
Bismarck	232 + 8	Aluqne Occiden	712 + 38
Hochtief	980 + 15	Fromageries	2570 + 20
Lahmeyer	858 + 28	Valloirec	465 + 12
Siemens	976 + 12.2	Colson	625 - 18
Beiersdorf	675 - 12	Eurafrance	2040 - 15
Doedel	251 - 7	GTM-Entrepre	1192 - 11
NEW YORK (\$)		TOKYO (Yen)	
AT & T	44 3/4 + 3/4	Kyosan Cable	2590 + 400
IBM	85 3/4 + 3/4	Nichibei Fuji	944 + 78
Meredith	34 3/4 + 3/4	Toshiba	1330 + 120
Phillip Morris	40 + 3/4	Tokyo Drop	1480 + 200
Phila	40 + 3/4	Phila	1540 - 110
Campbell Soup	52 3/4 - 3/4	Sanyo Inds	1510 - 130
Epsilon Data	5 1/4 - 3/4	Toyo Radiator	1510 - 110
New York prices at 12.30		LONDON (Pence)	
		ASDA	117 + 4
		Cable & Wire	200 + 3
		Conwell	200 + 3
		Lonrho	311 + 8
		Lucas	633 + 14
		Macrod	283 + 28
		Myson	235 + 11
		Nat Telecom	58 + 9
		Southern Ems	624 + 38
		Smiths Bchm	595 + 9
		TSB	131 + 7
		Phila	1540 - 110
		Glywood	282 - 18

WORLDWIDE WEATHER

City	Temp	Wind	Cloud	City	Temp	Wind	Cloud
Abuja	28	10	10	London	10	10	10
Algeria	15	10	10	Madrid	10	10	10
Amman	15	10	10	Moscow	10	10	10
Amsterdam	10	10	10	New York	10	10	10
Ankara	15	10	10	Osaka	10	10	10
Antwerp	10	10	10	Paris	10	10	10
Athens	15	10	10	Rangoon	10	10	10
Bahia	15	10	10	Reykjavik	10	10	10
Bangkok	28	10	10	Rome	10	10	10
Barcelona	10	10	10	Sao Paulo	10	10	10
Berlin	10	10	10	Seoul	10	10	10
Bombay	15	10	10	Shanghai	10	10	10
Buenos Aires	15	10	10	Singapore	10	10	10
Burgas	15	10	10	Sydney	10	10	10
Cardiff	10	10	10	Taipei	10	10	10
Cairo	15	10	10	Tokyo	10	10	10
Calcutta	15	10	10	Ulaanbaatar	10	10	10
Chengde	10	10	10	Washington	10	10	10
Chicago	10	10	10	Wellington	10	10	10
Colombo	15	10	10	Yokohama	10	10	10
Copenhagen	10	10	10				
Dakar	15	10	10				

C-Cloudy, D-Drizzle, F-Fog, H-Hail, N-Night, R-Rain, S-Snow, T-Thunder, W-Wind, X-Variable, Y-Yellow, Z-Zigzag

Tin creditors' £182.5m accord

By Kenneth Gooding, Mining Correspondent

THE BITTER, four-year dispute which followed the 1985 collapse of the International Tin Council's price support scheme ended yesterday with a compromise worth £182.5m.

Creditors claimed they were owed £513m. They will be paid the reduced sum on March 30 and in return will drop all claims against the 22 countries backing the ITC.

It is understood that Japan and the UK, the two biggest contributors to the settlement sum, will pay more than their fair share: Japan will contribute about £40m and the UK £30m. Malaysia about £23m, West Germany about £17m and Thailand £8.5m.

One of the most unsavoury episodes in the history of world commodity markets started in October 1985 when the ITC ran out of funds to support the tin market. This caused a collapse in the metal's price which left brokers and banks with huge losses. The immediate brunt was borne by the London Metal Exchange, which at one point was nearly overwhelmed by the default.

With 72,000 tonnes in the ITC's tin stocks overhanging the market, prices remained depressed for three years. Many higher-cost mining companies, particularly in Bolivia and Malaysia, closed with a devastating impact on employment and balance of payments.

The 35 creditors - including 15 banks, 14 London Metal Exchange brokers and two Malaysian smelters - tried to put together a rescue package with the governments involved, but Thailand and Indonesia were unwilling to contribute and these efforts ended in March 1988.

Creditors then resorted to the courts with little success. The ITC countries did not deny they were in default, they simply argued they could not be compelled to pay.

This assertion was upheld by the UK courts, but the attitude of the countries was roundly condemned by some judges. Week in the markets, Page 15

Ceausescu toppled

Continued from Page 1

that the army could finish off its operations.

Bucharest radio asked people in front of the Bucharest television headquarters to disperse so that the "army could deal with the remnants of terrorist groups."

The official Soviet news agency Tass earlier reported that people had set up barricades and placed concrete blocks on streets surrounding the television centre to prevent troops loyal to Ceausescu seizing the building. "The leaders of the (military) headquarters

have repeatedly appealed to the people to go to the city's defence," it said.

Mr Ceausescu's whereabouts remained uncertain in the chaos that surrounded his downfall. He was reported to have fled the capital, first by helicopter and then by car. Early reports said he was arrested, escaped, and was then rearrested. However, late last night, Bucharest television reported that the Ceausescus had both left the country.

The government's rapid collapse left little hint of what

would follow. The official news agency Agerpres reported that a self-styled National Democracy Committee had been formed to organise free elections.

Agerpres said members of the committee appeared on a balcony of the Communist Party Central Committee building in the city centre to announce the programme but its membership remained a mystery. In the turmoil of Bucharest, it seemed unlikely that anyone could realistically claim to be in control.

Allied and Whitbread

Continued from Page 1

bring significant benefits to both sides.

Mr Richard Martin, Allied's chief executive, said: "We are absolutely delighted. The acquisition gives us a stronger, well-balanced portfolio in line with our strategy of developing further as a major international branded business."

Beefeater gin, which strong positions in the US, Canada, Spain and the worldwide duty-free market, would fill a gap in the Hiram Walker-Allied Vint-

ner's range. Long John, the fourth largest selling Scotch whisky in Continental Europe, would reinforce Allied's Ballantine's and Teacher's brands; and Laphroaig would put it in the malt whisky market with a fast-growing, premium-priced product.

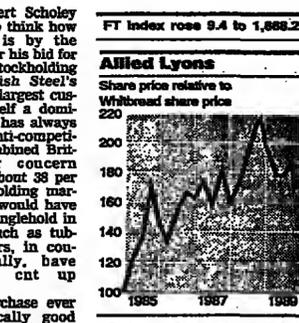
Allied would gain additional production facilities and whisky stocks Mr Martin said. The deal would also strengthen the group's trading links with Suntory of Japan and others.

Whitbread, which acquired John Burrough only two years ago for £174.5m, decided to sell its spirits division after a strategic review of its business concluded in October that it was not big enough to compete internationally.

Allied, which will finance the deal through existing bank facilities, will acquire the spirits business free of debt - some £20m of the £545m will be used to pay off external borrowings.

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Metal bashing from the OFT



It is a rather silly decision, which will almost certainly work against the consumer in the long run.

Not so very long ago, before the Great Consumer Revolt, the big banks worked as a cosy cartel. Profits were of only marginal importance, markets were protected and customers benefited from huge, hidden cross-subsidies. Times have changed. Maximising profits is now the order of the day, and while the banks may be disappointed at the ending of the "no discrimination" rule, it is not going to damage their long-term profitability.

The cost of handling cash is little different from credit card transactions and while the customer may enjoy a discount, the retailers will find their cash handling costs will begin to rise. Aside from areas like petrol retailing, discounting is unlikely to be widespread; and if it encourages the spread of direct debit cards the banks will be benefited.

Allied/Whitbread

The handsome price of £545m which Whitbread is getting for its drinks division suggests that the whole sector is scarcely overvalued, despite having outperformed the market by 7 per cent in the past six months. The Whitbread wines and spirits portfolio, decent enough but not in the top division, is fetching some 23 times current year earnings. Guinness, almost 80 per cent of whose earnings come from one of the best wines and spirits businesses in the world, sells on a multiple of only 14.

The benefits for Whitbread consist principally of selling a business accounting for under 10 per cent of its profits at a price equal to a third of its market capitalisation. This

goes some way to answering those who claim that the group's undemocratic share structure denies shareholders a proper return on their assets. It also leaves the group with over £500m of net cash with which to pursue its ambitions in the restaurant trade in the UK, Europe and North America.

The obvious question for Allied is whether an open auction against its international rivals has induced it to pay too much. There must be some dilution in the first year - though probably less than 5 per cent - and gearing including the Dunkirk Domes acquisition will be pushed up to 80 per cent. On the other hand, the various disposals already announced could bring in, by County NatWest's estimate, three quarters of the Whitbread sale price.

Given Allied's link with Suntory in the all-important Far Eastern market, it seems wholly sensible to push ahead with its ambitions in international drinks. Some of its rivals query whether it is wise to rely for its Japanese distribution on a local competitor. But that is another story, and doubtless sour grapes anyway.

Company names

The announcement that Knobs & Enochers is changing its name to Prior plc is another victory for the advocates of full conformity in corporate nomenclature. One by one the initials have triumphed over the likes of Rio Tinto Zinc and British Plaster Board. Presumably such changes are made with the aim of currying stock market favour; but a cursory look at the best performing shares of the 1980s reveals such old-fashioned monikers as Baggeridge Brick, Macallan-Glenlivet, Polly Pack and Photo-Me International. There is scarcely an acronym among the leaders.

The fund manager of Euphony Investments, who at the start of this year picked out a balanced portfolio consisting of Stavert Zigomela, Clyde-Blowers, High Gosforth Park, Flexello Castors & Wheels and the Southampton, Isle of Wight and South of England Royal Mail Steam Packet Company would have earned a capital return of 35.2 per cent, well ahead of the All-Share. To be sure, there are had performers whose names roll off the tongue - Kalama-zoo is down 25 per cent on the year - but a multiplicity of syllables need not mean a deficiency in profits.

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Weekend FT

SECTION II

Weekend December 23/December 24, 1989

Ghost at the City's Christmas feast

After Big Bang and the Crash bull market babies are waiting for the Wallop, says Christian Tyler

HE DYED his hair with henna and did not wear a suit. He had a degree in English from Birmingham and was getting £3,000 for writing scoops about electronics companies. So they took him to lunch at the Savoy, offered him £25,000 a year - OK, £30,000 - and promised to make him a superstar analyst, the biggest in his field in the City.

In the office they nicknamed him Boy George and did not care about his orange hair because, like a good reporter, he dug deep. He "called" a glamour stock and was ridiculed by the Establishment brokers for it. But he was right and they were wrong. He was interviewed on television and asked whether a certain industry would survive on water. "The last person to do that was crucified," was the Boy's verdict. He was terrific at the microphone when the firm's equity salesmen tuned in for their morning story and pep talk. They raised his salary to £41,000.

Boy George bought a big BMW and discovered something called champagne. He got drunk every Friday on Nevee, Claret or Pinot Noir. The firm was bought by an American bank and everybody moved from a Dickensian office where one overhead screen served the whole floor to a huge dealing room where you had three screens apiece. A lot of lanky public schoolboys turned up with the little briefcases and the same thin, thin, thin bodies they wore at Boy George's. But Boy George was looking brilliant on the screen, where his morning story was being turned into frantic price changes. "It was a bigger sensation than any scoop," he says now. "I'm putting your foot down in a forger."

But the world has aged a lot since October, 1986, and this Christmas could be the last in the City for many of those bull market babies. They know only too well that they are no longer earning their keep and that the City is hopelessly over-

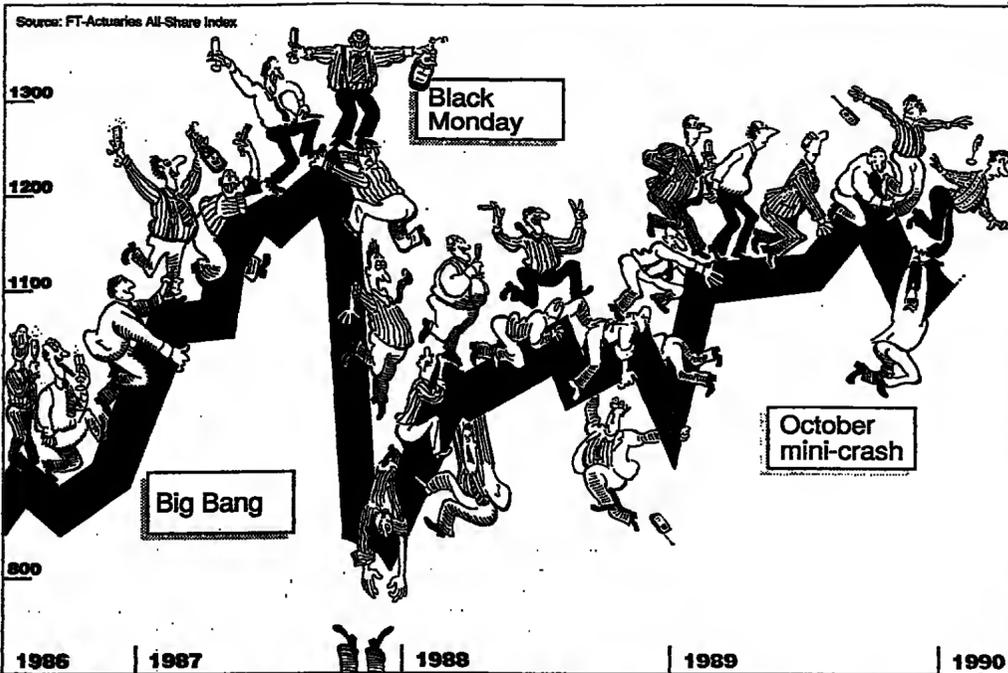
staffed. Two or three jobs later they have grown into very bearish adults. They exhibit a gleeful cynicism. "What's the definition of a financial genius?" cracks a somewhat modish broker. "Someone who has been through the bull market shouting 'Buy!'"

All sorts of people were sucked into the gravitational field of the Big Bang - people like the semi-fictional bond dealer nicknamed "The God," a former male model who was discovered after amassing a large party of diners by his instant dissection of the restaurant bill. Almost exactly a year after the Bang came the Crash. Costs had soared and commissions had been halved and there began a flurry of redundancies. But most of the people "tinkered" since Big Bang were re-employed, and at higher salaries. In areas like UK equities and gilts, there is enormous overcapacity of analysts and salesmen. So this Christmas, even as the wine bars echo to cries of "Mine's a pint of Bollinger!" wisper heads in the City are waiting for the Wallop.

Behind a buoyant index, brokers say, the market in UK stocks is still thin and feverish. Market-makers are ducking, analysts are churning stocks ("it's the rhythm method," said one) and fund managers are complaining that the research is no good. They are dealing only with the big name brokers, on the maxim that no-one ever got the sack buying from IBM.

Morale is low and rumours abound. As bonuses shrink, it's each man for himself. Those who still want real careers in the City are trying to get into the safe harbour of those who want a last injection of Serious Money are trying to wrangle short contracts with the shaker-looking arms of American and Continental banks. Some have dived into West End "boutiques", the niche businesses that have sprung up to exploit private clients. They work hard with the Big Bang conglomerates.

So who needs another analyst?



Who indeed? Unless of course the analyst in question is this particular ray of sunshine, a Big Bang baby, curly blonde and dressed in silk. She has been up until 4 am but looks as if she has had two days to get ready for lunch. She is called Julia Blake and she reads the runes in textiles for a top-rated team at Barclays de Zoete Wedd.

Julia works close to the front line among the loudmouths and seems to enjoy proving she can hack it. "If my grandmother knew I was in the City she would turn in her grave," she says. She had to show the male chauvinists around her that being blonde did not mean she was another air-head. She goes weightlifting in a gym in Chelsea, where she lives. The City has changed her personality somewhat, she thinks, though she was always a bit of a tomboy. "But I am still soft underneath," she adds sweetly.

"From an Oxfordshire farming family and with a degree in textile technology from Leicester, Julia was due to become a designer. Perhaps she will run her own business one day. For the moment, like most of the rest, she finds herself working harder than ever to justify her wages. "I hate the way the market has become so short term because people are not making money," she laments. "Traders are so desperate they're destroying the market and destroying prices. But what I like about the bear market is it makes me work hard and come up with good ideas."

Those who remember the feudal

days of stockbroking are tempted to despair. "I think about leaving every day," groaned a 30-year-old senior salesman at another top house. "I still feel positive when I get up in the morning, but I'm disenchanted by evening. I just can't bear having to ring round all the clients again in the afternoons." A woman colleague blamed the generation above for the mess created by Big Bang. She said the system was invented by people who were never much good at it themselves. The clients did not like it and the inventors, having sold their partnerships (at an estimated, average price of £1m) were just eating long lunches until their golden handcuffs came off.

These malcontents are the Marzipan Layer. They are the top of the cake but quite inside the icing. They were the first recruits after the dead decade of the Seventies, top-flight graduates who came to the City hoping for partnerships, only to find that world of small firms, teamwork and loyalty deserted (she says) into a managerial mess of aggression and self-seeking bounty-hunters. "City managers are incapable of taking the hard decisions. No wonder corporate clients criticise us."

But if you are in the Marzipan Layer, the money is too good to give up (£20,000 basic for a senior equities salesman; £25,000 for a foreign exchange dealer). This isn't like whether the money brings nice

clothes, holidays in the Far East, week-long binges at Michelin-starred restaurants, helping other members of the family. Her husband is a broker, too, and they have no children. They have been careful not to put anything into their South London house that cannot be physically removed if the balloon goes up.

Not everyone is morose. Ivan Sedgwick, tall, brainy and self-confident, has made a pretty comfortable living specialising in Japanese securities. Now a director of Schroders Securities, he landed in the City in 1981 with a history degree from Cambridge when the American banks were recruiting hard. International banking was then the glamour stock; "lending billions of dollars to South America or Nigeria". He didn't think much about money when he started.

"Then it dawned on me that people were making quite serious money. I heard someone casually mention that one needed £50,000 a year to get by in London."

He has graduated to a house in fashionable north London, a stock-broker-free zone, he says, where property prices will not be ravaged by a slump in the City. He wears a Marks and Spencer suit and drives a Jag.

He thinks the City is going bureaucratic again, with personnel departments and graduate training schemes. Before the Crash of 87 there was no time for such sophistications; you took on the likely lads, whether their degrees were from

Oxbridge or the University of Romford.

It would be ludicrous to call today's City gents poor. A few are still making pop star incomes. It is rumoured that a desk of five traders in one US bank will pick up \$1m bonus apiece this year. But most have a lot less to look forward to than their unburdened commoater fathers. This is especially true of the high fliers who were just too young for partnerships when Big Bang happened. And those who missed the start of the last property boom have paid a lot of money for their houses in Clapham. Fewer now can aspire to creeper-clad mansions in the Home Counties. You won't see mud on the tyres of their Range Rovers. They have no time for big toys like yachts. Conspicuous consumption may no longer be compulsory. But the free-spending habit is hard to break when you have been used to seeing your pay double every year.

The watchword is quality now. Specialists in the emerging areas like European mergers and acquisitions are what the City is looking for. "Everyone is upgrading their local product areas and the people at the bottom of the pile will have to go," said Fred Holter, ex-Eto and Oxford, who runs the European arm of the Whitney Group of headhunters from offices in Mayfair after a career in the Foreign Office and a spell in the City.

In a bull market you are just processing deals. If the market says you have got to have a shoe sales-

man, you get a shoe salesman. The fact that he's not the best in the world at selling shoes doesn't matter. But in a bear market you have to have people who can sell ice-cream to eskimos. They are pretty difficult to find and difficult to manage."

The fight to quality is evident down on the university campuses, too. The number of Cambridge graduates who went into banking and insurance last autumn was the lowest for a decade: 96 compared with 144. This year's figure is expected to be similar. It seems the careerist only want to hear blue chip UK names like Rothschild and Warburg, Hambro, Baring or Casanova. The personnel director of one of these houses banquets suggested that undergraduates are no more interested in money than they ever were, for all the hype they have read in the papers or seen on television. It is early responsibility and status they seek: the kind of career that 20 years ago were supplied by the Foreign Office or the Treasury, then by advertising, management consultancy or the Press, later by international banking and today by corporate finance.

In these days of specialisation there is no longer any such thing as a "merchant banker". When the City's old guard talks about the high-paying American banks it is usually with a sniff of disapproval for the fancy bouzous they offer. "Two years ago Shearson had to sack all its graduate intake before they even arrived. I think they did everyone a favour," said one.

For men who joined a merchant bank 20 or 30 years ago and were run around the departments learning the ropes before they were allowed to touch anything it is a bit galling to watch today's beginners jumping in at the deep end at £16,000 a year just for starters.

As they look out at the City from their panelled top-floor suites they may regret that the Crash did not happen sooner than it did and that the post-Crash shakeout has been so long delayed. They worry, too, that ethical behaviour is no longer an automatic part of every beginner's training.

Will the new era of statutory regulation, compliance officers and litigation breed a generation more interested in the letter than in the spirit of the law? "My word is my bond - but only up to £100,000," say the young jokers in the wine bar. It doesn't raise many laughs outside.

Nearly 30 years ago, in his Anatomy of Britain, Anthony Sampson wrote of the City: "Nearly everyone wears a dark suit, a bowler hat and an umbrella. The restaurants are crowded with pale-faced black-coated men." But he went on to note "a quasi-sexual fascination with money, concealed behind large layers of humbug." The greed of the City, he thought, was indispensable to its continued vitality and importance.

The fascination with money persists. The humbug has been replaced with bravado. But even bravado is in short supply these days. For many of the bull market babies, this year's Christmas hang-over could prove a real cracker.

The Long View

The case of the vanishing Chancellor

JACQUES Poirot surveyed the assembled suspects in the library at Number 11 Downing Street. Question Time was over now, and it was time for the document. "Right from the beginning of my investigation," he said, "I was aware that a desperate plot might have been set on foot. Had the British Chancellor, Nigel Lawson, really committed political suicide, as it appeared - or had he been poisoned?"

"My suspicions were first fanned after discussions with my employers, the Brussels Commission, who have entrusted me to investigate this matter, no doubt because my late uncle Hercule was at one time well-known in Britain."

Outside, the snow was now falling heavily. "Et bien, I fear we may be stranded here all Christmas weekend," murmured Poirot. It is said that the transport infrastructure here has been so neglected."

He looked towards Professor Alan Walters. "You were my first suspect," he said. "You knew that Lawson planned to enter the Exchange Rate Mechanism of the European Monetary System and, indeed, had worked out a secret agreement. But a well-timed attack would kill off his plans."

Walters shrugged. "I can prove I was in Washington all the time," he snapped. "Anyway, you are well aware that I was prohibited by my contract from making public attacks."

"Officially, yes, *mon brave*," countered Poirot. "But by travelling on the overnight plane from Washington, you could be in London in good time to make damaging comments at discreet but influential City lunches. You could even have been seen by your articles in which you described the European monetary arrangements as, if I remember correctly, *demi-sauté*."

"But then my investigation took a different course," he turned to John Major. "You were obviously a prime suspect," he said. "You inherited Lawson's job and his residence. Also, you knew your way intimately around the Treasury, where you had previously worked. It could be that the British police call, *je crois*, an inside job."

"That's preposterous," replied Major. "I had been away for several months on a foreign assignment. At the time I was in a hot, tropical place - I think it was called Malaya, or possibly Malacca - dealing with troublesome Commonwealth rebels."

"Ah, *mais oui*, the alibi," answered Poirot. "For a while, it puzzled me. If you had wanted to get rid of Lawson, why not do it before you left in July, instead of October? Unless the deed had been planned for July and then postponed, possibly through a loss of confidence."

"At first, I was uncertain. But then you made your mistake. I suppose through over-



With Christmas approaching, Poirot faced one of his toughest challenges as he probed murky goings-on in high places...

confidence. A few weeks after the disposal of Lawson, there was a break-in at the Treasury. It was explained away in the newspapers at the time as a burglary involving the loss of a mere few coins. Perhaps the theft was the only way in which the Treasury could hope to attain its target for M0 monetary growth."

His attempt at humour was

greeted by stony faces. "To be serious, a burglary of such well-guarded premises scarcely seemed possible. But let me pose an alternative possibility - that this was a break-out that was made to appear like a break-in."

"There was a strange coincidence. You, M. Major, are the son of a trapeze artist. With your knowledge of swinging on ropes, it would be child's play for you to have removed some piece of incriminating evidence - probably, a letter promising you the Chancellor's job - and made an exit through an apparently inaccessible window, leaving the appearance of a common burglary. Moments seconds later, you could have reappeared untrapped in Downing Street, repeating your usual message that policy was unchanged."

"But surely you could not have eliminated Lawson without an accomplice. In fact, you were only the junior partner. This brings me to your leading role in this unfortunate affair, Madame Thatcher."

She stiffened. "This is intolerable," she thundered. "I made it very clear in Brussels that we would not accept interference by Brussels bureaucrats. I regard this investigation as an infringement of our sovereign rights. We have set out our views repeatedly on 16 occasions later, you could have reappeared untrapped in Downing Street, repeating your usual message that policy was unchanged."

Poirot waited patiently, then murmured: "Peut-être,

madame, but I must remind you that, under the monetary policing agreement which Lord Cockfield persuaded you to sign, this inquiry is perfectly legal. *Mais oui*! If your objections continue, I shall regard it as proof that you have something to hide."

He continued: "You cannot conceal the truth for ever. I have established that you saw the victim twice on the day of his elimination. How easy it would have been to administer a lethal dose of delayed action venom. And you lived only next door! You could have slipped unobserved through a connecting passage and pointed a forged political suicide note in which the blame was cast on to Professor Walters."

Walters jumped to his feet. "You mean... I have been used as a stalking horse?" Poirot nodded. "Malheureusement, I am afraid so. And disposed-of as soon as your usefulness was at an end."

Thatcher gazed fiercely. "You cannot stop me, M. Poirot! I shall go on and on! And now I am late for my next newspaper interview!" She left the library, followed by the faithful Major. Poirot watched her go. "What a remarkable woman," he murmured. "So English... and yet, guilty of a crime passionné."

"You Continentals will never defeat me," Thatcher shouted defiantly from the exit. She waved at the window, and the deepening snowdrifts. "Look, Brussels has been cut off!"

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MARKETS

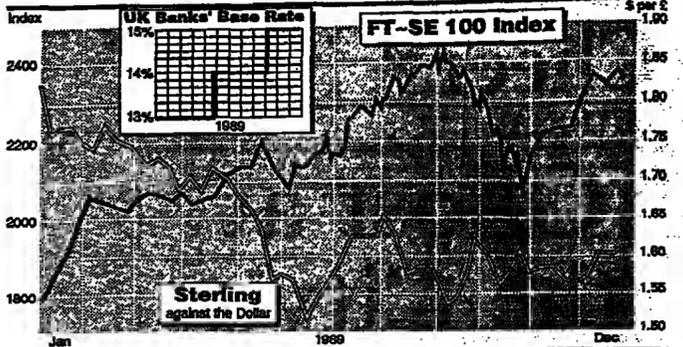
LONDON

Roller-coaster ends where it started

AS STOCK MARKET years go, 1989 has hardly been vintage. It has given investors something of roller-coaster ride as the excitement of bids has risen and fallen. However, at the end of the year, market levels are sitting close to analysts' predictions of twelve months ago. Despite its surprising strength of the past month, the FT-SE 100 Share Index closed yesterday at 2362 about 7 per cent better than the average figure being mooted then.

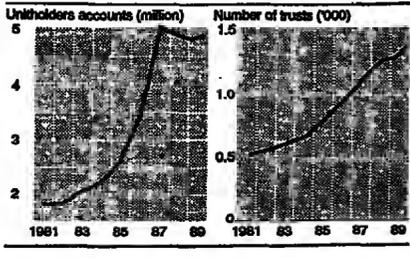
Traders, on the other hand, have continued to be hit by dealing volumes too low to justify capacity which they built up during the earlier bull market. The result has been a gloomy sequence of City casualties, with cuts on the market-making front affecting a wide range of firms. Above all, market sentiment during 1989 has been dominated by Britain's economic worries. A year ago, opinions tended to be sharply divided between the relative likelihoods of a "soft" or "hard" landing for the economy as the authorities attempted to stamp out rising inflation with a dose of high interest rates.

Yet, as one FT reader asked, how was anyone to know when the landing had been made? Now, twelve months on, after a couple of increases in the medicinal dosage, the picture is only a little clearer. Indeed, the debate now tends to slide devotionally to the definition of "hard" and "soft" and - an additional refinement - debating what rate of economic growth could fairly be termed as "recession". The immediate relationship between the one percentage point rises in bank base rates in June and October - or, rather, the circumstances which led up to them - and overall levels of the UK stock market could not have been closer. The May rise in interest rates was associated with a correction of over 100 points to the FT-SE 100 Share Index. The autumnal rise coincided with a steeper 300-point fall in Footsie, this time spread over most of September and October.



FINANCE & THE FAMILY

Unit Trusts



Increase in level of unit trust investment

Unit trust investors recovered their nerve last month after the October mini-crash: net new investment was nearly £400m and the total value of funds under management increased by 3.8 per cent to £55.5bn. Sales again reached a high level at £296m in November, according to latest figures from the Unit Trust Association. The number of different unit trusts continues to rise: in November there were 1,353 trusts, compared with only 529 back in 1981. However, the number of unit holder accounts slipped slightly last month to 4.55m. The November figures disguise the fact that some companies, such as G & Fidelity are doing well, whereas other groups admit - at least privately - that their sales have not recovered from October 1987 and that they are under cost pressures. Eric Short

House prices 'could treble'

House prices could more than treble in the next decade, with average house values in the UK jumping from £58,000 to £200,000 according to an optimistic survey from the Woolwich Building Society. The Woolwich predicts that national house prices will increase by 11.9 per cent on average each year and that house price inflation in the south will outstrip that in the north. Of the 27 large cities covered by the survey, the biggest surge in prices is expected to occur in Maidstone where average values will jump by 344 per cent to £400,000 in the next ten years helped by the development of Channel Tunnel links. The forecasts are based on two predictions - those for incomes and for retail prices. Incomes are forecast to rise by an average of 8 per cent a year - so a person earning the national average wage of £12,200 in 1989 would earn £29,000 in ten years' time. The average loan is likely to rise to £130,000 by the year 2000 according to the Woolwich. The survey also assumes an annual average increase in retail prices of 5.3 per cent: so a colour TV costing £360 today would cost £569 in the year 2000. The average house price ten years ago was £23,000 while the average building society advance was £13,000. Sara Webb

Drop in building society receipts

Building societies suffered a sharp drop in net receipts in November, to £177m, compared with £704m the previous month according to the Building Societies Association (BSA). The sharp fall in receipts reflects the small investor's interest in the water industry privatisation according to Mark Boleat, director-general of the BSA. However, he predicts that net receipts should increase in December and January when investors sell their water shares and re-invest the proceeds in their building society accounts. Meanwhile, new mortgage lending dropped to £3,717bn in November (the lowest figure since February) from £4,089bn in October. S.W

U-turn on director pension plans

The Government has changed its mind about planned restrictions on small self-administered director pension schemes (known as SSAs). The Department of Social Security announced this week that the majority of these schemes will be exempt from the proposed limits on self-investment by company pension schemes. This means that companies with eligible SSAs will not be required to refinance loanbacks or find a new owner for company shares or company-occupied property. However, the Association of Pension Trustees says the position of SSAs still needs clarification in certain aspects, particularly regarding company-occupied property which it claims should not be regarded as self-investment in the same manner as loans or shares. E.S

Changes to insurance tax

Rumours that the favourable tax treatment for qualifying life insurance products would be altered with effect from January 1 were squashed this week. Instead Peter Lilley, Financial Secretary, announced a host of technical changes to life companies' corporate taxation. These changes are likely to result in most life companies paying marginally more tax, though not enough to affect bonus rates or unit trust charges. However, the key part of the Inland Revenue's review is believed to concern proposed changes made to the tax treatment of contracts and the tax borne by the policyholder. In particular the expected introduction of an exit charge. It is possible that this subject will be dealt with in the forthcoming Budget, in which case the changes may not take effect until 1991. E.S

HIGHLIGHTS OF THE WEEK

Table with columns: Price, Change on week, 1989 High, 1989 Low, and notes. Includes FT-SE 100 Index, British Aerospace, Cable & Wireless, Doctus, Eurotunnel, Ferranti Intl, Greenall Whitley, ICI, Myson Group, Neesham, Severn Trent Water, South West Water, Thames Water, Total, and UK Paper.

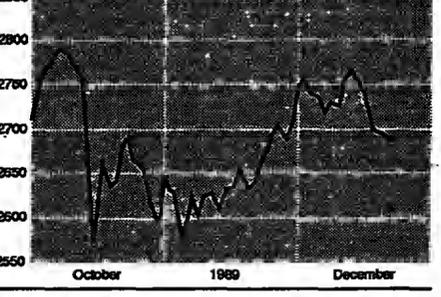
WALL STREET

A return to scepticism

DISTURBING signs of sanity were leveling out last week in the stock market. Perhaps the new-found realism had something to do with the gloom and gallows humour of Christmas parties up and down Wall Street. But after the sudden losses suffered recently by a long list of supposedly fool-proof growth stocks in the consumer and financial industries, the shift in sentiment is likely to outlast the thin and feverish trading of the Christmas weeks.

The new mood of scepticism was best illustrated by Walt Disney's drop of 10 per cent in ten minutes on Wednesday morning, albeit to a price at which the stock still sells for 22 times earnings. The plunge of Disney's share price followed a 5 per cent loss in the previous two days. As a result, Disney's capital appreciation in the last 12 months has been cut from 109 per cent to a mere 72 per cent.

Another sign of the times was the 42-point drop in the Dow Jones Industrial Average on Monday. This sudden setback was caused by a panic about collapsing property markets in California and New England and the corresponding massive real estate losses for banks and mortgage insurers. In theory, everyone had known for months about these dangers, but until recently nobody wanted to listen.



That a recession may put pressure on the company's earnings by hurting attendance at its theme parks. Believe it or not, Wall Street had come to regard Walt Disney and other entertainment groups as "steady growth" stocks, virtually immune from economic cycles. As such, they have been feverishly bid up with every report of economic weakness, along with such other "non-cyclical" issues as airlines, department stores, restaurants, specialty retailers and mortgage lenders. Why did it take investors so long to realise that businesses which depend entirely on the last dollar of a consumer's discretionary income may not be totally invulnerable to an economic slowdown? In fact, that theme park attendances

each increase would prove a satisfactory restraint on domestic demand. Two other factors help to explain this market resilience. The first is the sustained level of bid activity over the past 12 months; the second is the strength of institutional cash flows relative to the supply of equities. In many ways, the first half of 1989 was arguably most interesting period for the UK acquisitions business since the bull market came to its dramatic close in 1987. On the one hand, there was a perceptible increase in interest from Wall Street players, a trend justified by the idea that British acquisition prices were cheaper than those in a US market fuelled by leverage buyout activity. With this, came an extended use and acceptance of leveraged offers, of which the \$2bn bid battle over the Gateway food retail chain was a striking example.

Such aspirations, however, proved short-lived. Pronounced differences exist in institutional investors' attitudes on this side of the Atlantic. Their determination to resist the importation of such techniques was amply demonstrated by the pressure put on BAT. Moreover, the combination of higher interest rates, the unhappy fate of some lever-

aged offers and the problems in the US junk bond market, served to alien much of this froth out of the market by late autumn. As a result, the latter half of 1989 has been somewhat less frenetic in terms of takeover deals, although the steady staking out of strategic positions ahead of a harmonised Europe has meant that both activity and associated market froth has not completely disappeared. To that has been added an inevitable wave of activity in those sectors already perceived to be reaching an economic nadir - retailing, for example, or housebuilding. The second major factor explaining the market's resili-

ence has been institutional cash flow. The knowledge that substantial sums were passing into institutional coffers, even if they were not being heavily deployed in the London market, has proved a formidable prop to sentiment. Total institutional cash flow in 1989 is reckoned to be around £27bn, compared with £23bn in 1988. True, the most significant trend has been the shift into overseas equities, with 1989 levels three times that of the previous year. Nevertheless, a muted gilt market and the presence of fairly substantial liquid balances has tended to underpin London share prices. And that has been reinforced by famine throughout most of the year on the rights issue front. Only in recent months has a modest upturn in paper issues been perceptible - with the likes of Finara and Poly Peck tapping shareholders in the last week alone.

As for the final pre-Christmas week's trading, this has been relatively uneventful. The stream of company profit warnings has continued unabated, so has the flow of deals, with Blue Circle's £197.5m recommended bid for Myson providing some last minute fireworks yesterday afternoon. This has left the market neatly poised. In that respect at least, little has changed over the past 12 months. Nikki Tait

JUNIOR MARKETS

Big success, small scale

IT MAY not have been a good year for the junior league in general, but the main reason can be put down to one factor: the best-performing share of 1989 is concerned. A 1,482 per cent rise in the value of Midland & Scottish, a USM-quoted oil production company, has left the four-fold increase of Macellan-Glenlivet, the star performer of the main market, well in the shade. The rise and rise of Midland & Scottish started in February when a private oilfield group injected itself into the former Jørgensen Drilling, a loss-making drilling contractor. The company, which raised a further £17m in June, now offers cheap production facilities to developers in new smaller fields. Its first project, the development of the Emerald Field, is well under way and further deals are expected.

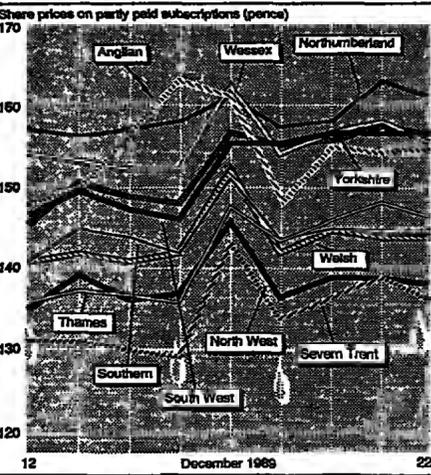
Midland & Scottish was not alone. From the very start, 1989 was the annus mirabilis of small oil companies reversing their miserable performance of the past few years. The immediate reasons for their outperformance has usually been the injection of new management and assets, while the underlying reason has been the firmness of the oil prices which has made exploration and production in smaller fields worthwhile. To a large extent, though, the heavy outperformance this year is a reflection of the dismal performances of the oil companies in the past few years. The sector suffered acutely from the collapse in the oil price in the 1986, which made a lot of exploration activity uneconomic, and the battering received by speculative shares in the 1987 Crash. So Grosroads Oil's fourth place in the USM's leaders list can, in part, be seen as a correction to its dramatic under-performance last year, when it was known as Lysander Petroleum. Its 133 per cent rise this year has clawed back nearly all the ground it lost in 1988 when it was one of the worst performers of the year. The stimulus to this recovery was two-fold. It made an oil discovery near Louisiana and it called a rights issue priced (for technical reasons) at nearly twice the value of the share price. The directors, who guaranteed to take up shares, said that they were "putting their money where their mouths were."

Anatole Kaletsky

Water: put your plans on the back boiler

IF YOU HAVE just received your water share certificates, maybe now is the time to pour yourself a soothing glass of tap water, sit down and breathe deeply. Smart investors have mainly had to watch the hectic dealings of the last week from the sidelines, until getting their certificates. The heavy trading has included surprisingly swift raids on some companies by Lyonnais des Eaux, one of the big three French water suppliers, which already has stakes in Anglian Water (6 per cent), Wessex Water (6 per cent) and Severn Trent (2 per cent). The company has called a halt to further stake-building. After nine days of dealings, water shares are still standing at an average premium of about 50 per cent to the partly-paid offer price of 100p (30 per cent to the 240p fully-paid price). That could tempt private investors to sell, but unless you're already done, you might as well use the Christmas break to remind yourself of the long-term attractions - and risks - of investment in the water companies. And if you're still inclined to "stag" the water offer, you won't necessarily lose out by waiting. A combination of "flowback" from public offers for sale and private placings of

The ten water companies



ing liable for payment of the second instalment (due on July 31). If the ex-dividend date is July 23 - the other likely alternative - shareholders may have to pay the second

second instalment. Reliability. Long-term industries like water look strangely out of place in the minute-by-minute City environment, but regional monopolies supplying an essential product to a captive customer base do have a certain stability. Those now inclined to treat the water shares as conventional equities should also remember the role of the regulator. He aims to stimulate the competitive environment and allow the companies to fund their core utility functions, by setting price caps and passing certain unforeseen costs through to the consumer in the form of higher water charges. His role in turn helps secure the companies' dividend growth - and underpins the cost of their large capital investment programmes. If that long-term view and the short-term buoyancy of the shares fills investors with festive joy they should also be mindful of the Spirit of Christmas Yet to Come. Robert Giles, water analyst at Laing & Crickbank, offers a timely reminder of political risks inherent in this most controversial privatisation: "Investors are going to get a better return than on the market as a whole for the next five years if it's a Conservative government

- If it's a Labour government [pledged to return the industry to public ownership], things may be different." His counterpart at Phillips & Drew, Lakis Athanasiou, suggests you should also weigh up the longer term risks of overruns on capital expenditure programmes, and the possible difficulty of managing large increases in capital expenditure, even if compensated by the regulator. Finally, it seems logical for French water suppliers which have already bought into the UK statutory water companies to double in the new PLCs, if only to further co-operation on joint ventures. In the case of the statutory companies a declared policy of minority stake-building developed into full-scale bid activity within a year. But it would be dangerous to assume that the French companies might pursue a similar strategy with the new water companies, faced with obstacles such as the Government's protective "golden shares" and an automatic Monopolies and Mergers Commission investigation into water mergers. As Robert Giles puts it: "You might have to wait a long while for nothing to happen." Andrew Hill

Yet another beneficiary of the oil price recovery was Ranco Oil Services, which saw its share price double this year. It cleans and coats pipes for lining oil wells and so benefited from the higher levels of activity in the North Sea. Flextech, an oil well tester, which is now chaired by

Stanislav Yastkovich, the chairman of Securitas Securities Association, has also reaped the rewards of this boom. Its share rose by 418 per cent. But perhaps the most remarkable performance of any USM oil stock was that of Monument Oil & Gas. Its share price increased by 87 per cent this year, reflecting its dramatic growth over the past year and a half while its market capitalisation grew by 20 times. After a series of deals - the latest of which was the \$22m acquisition of Renown Energy - Monument now considers that it has entered the big league of oil companies. So much for the exploration and production companies. Perhaps the real honours should go to the non-oil companies which have made it to the top-performing list. They have succeeded against an economic background which has crippled many of the USM's brightest and fastest-growing companies. The star performer in this league is Cityvision, the video rental chain. The company which is about to move up to the investment market has its shares soar by 179 per cent over a year of rapid expansion which made it the largest company of its type. The breakneck pace of its growth has not deterred investors, since video rental is seen as a large fragmented market which should show some resilience to a recession. Another business that should show some insulation against an economic downturn is independent television production, which is riding the wave of the proposed reforms of the television sector. Small wonder then that Sunset & Vine, one of the best regarded independents, chalked up a 101 per cent rise in its share price. The injection of new management into shell companies is always a powerful stimulant to share prices and this year was no exception. Ross Consumer Equipment, a troubled audio equipment and radio distributor, received a new lease of life when Roger Shute, chairman of BM Group, a construction equipment distributor, took over. G F Lovell, a Welsh toffee received a filip when an investor group led by two senior building executives took charge in February and in August it splashed out \$30m on four building material companies. Given the difficult prospects for this sector, Lovell's outperformance this year is a striking testimony to the market's faith. Although it has been a tough year for smaller companies, rich pickings have been there for the taking. Vanessa Houlder

FINANCE & THE FAMILY

Vanessa Houlder casts her eye over the leaders and laggards among British companies in 1989 - and finds that whisky heads the field

Cheers! Macallan drinks to a memorable year

IF YOU should indulge in a celebratory drink this Christmas, raise a glass to Macallan-Glenlivet. Over the decade, the whisky loch of surplus stocks has been drunk dry and its quality image has been restored, resulting in a remarkable up-turn in the company's fortunes. This has quadrupled its share price, making it this year's top-performing FTA All-Share stock.

An celebratory mood should come easily to most investors who have seen the value of the FTA All-Share Index rise by an impressive 27 per cent this year. The same euphoria would not, however, be matched by smaller company shareholders; their shares have gone up by a mere 1 per cent according to the Hoare Govett Smaller Companies Index. Going even further down the scale, shares on the United Securities Market have risen by an average of just 1 per cent.

These vastly differing performances reflect the uncertainties and contradictions that faced investors in 1989. Shares in larger companies danced to the best of the international markets, sparing relatively little time for the common themes struck by the UK economy. The exception was the autumn when the chorus of bad news - the trade gap, rising inflation and mounting interest rates - reached a crescendo with the rise in base rates to 15 per cent, a collapse in the All-Share price, and the resignation of Nigel Lawson.

For most of the year, though, investors were diverted easily from the problems of the UK economy. Take-over bids pre-occupied the market, ranging from the shock-led attempt by Plessey to turn the tables on its predator, GEC, in January, through to July's record-breaking bid for BAT by a consortium headed by Sir James Goldsmith. Cash bids were successful in a number of cases, most notably Consolidated Goldfields, Jaguar and Morgan Grenfell.

The upshot of all this bid activity was that more cash was put into the market than was taken out by equity issues.

The total raised in the first nine months through rights and new issues was just £5.2bn - less than the £5.9bn raised in the comparable, and relatively quiet, period last year. Even this month's £5.2bn water flotation - the Government's largest privatisation - will not have over-taxed investors' coffers. Taken together with the Government's decision to buy back gilts at the rate of £1bn monthly, it is not surprising that investors have not been flush with cash and willing to bid up scarce stocks.

No such stimulus has been applied to the smaller company sector, which was left on the sidelines in January and February as investors preferred the more liquid, easily tradable shares.

Smaller company investors also received earlier evidence of the corporate gloom which came thick and fast during the summer via a spate of profit warnings with cash and percentage declines. Any one perceived to have higher borrowing costs, less experienced management and greater exposure to the domestic economy than their larger brethren, smaller company share prices fell sharply.

Not surprisingly, the turn-over figures for smaller companies have made sombre reading for stockbrokers. Rather more encouragement could be gleaned from turn-over figures for the market as a whole, where a collapse in confidence and a larger trading volume were returning gradually.

In the third quarter of 1989 the average turnover was £1bn, up nearly 50 per cent on the same period a year earlier, but it slumped once more in the wake of October's gloom.

City shake-out. Given the level of interest rates and recessionary fears, the worst-performing sectors are a predictable bunch - including property, metals, and packaging and paper. This year's wooden spoon, however, was reserved for construction and contractors, with a 1 per cent decline. It was the only sector to report a fall in value.

Builders have been bedeviled by soaring interest rates and the gloom in the housing market. But the greatest problems arose for shared housing specialists such as Anglia Secure Homes and McCarthy & Stone, which were stranded when old people were unable to sell their homes. Yet another building-related casualty was Travis Perkins, formed last year from Sandell Perkins and Travis and Arnold, which succumbed to post-merger gloom and a fall in combined interim profits.

Given the squeeze in consumer spending, retailers had another bad time. Indeed, this was the fourth year of their relative decline. Next, Coleroll and Storehouse all played a part in this under-performance while Next and Coleroll had the ignominy of appearing in the laggards' table for two years running. But Lowndes Queensway, the loss-making furniture and carpet stores group, took the title as worst performer of the year. It has had a disastrous 1989, culminating this month in a last-ditch re-financing exercise.

Some retailers have, however, flown high above the clouds that dimmed the rest of the sector. Asprey, the Bond Street jeweller, made the best-selling list after some consistently sparkling results. Any one who goes shopping for baubles with a six-figure price tag are, it seems, unfettered by the problems of mortgage rates.

Body Shop is another retailer that might, at first, appear to defy gravity. But its elevation was assured through the restraint of its management, its pre-eminence claim to ecological soundness - this year's stock market fashion -

and the lack of liquidity in its shares. Backing sector trends was also a recurrent theme among the best-performing smaller companies. Henry Barrett, for instance, was able to shrug off the stigma of making steel buildings for DIY retailers and super-stores. Similarly, Eurocopy, a photo-copy supplier, Harland Simon Group, a computer controls company, Life Sciences, a maker of medical diagnostic equipment; and

MTM, a specialist chemical company, are all young and fast-growing concerns which have attracted a new wave of institutional support.

As with the small companies, the top-performing heavyweights are a mixed bunch. Cityvision - another young and fast-expanding business - has established itself rapidly as the biggest player in the video rental market. Securicor's claim to fame is its 40 per cent in Cellnet, the hotly-tipped mobile phone company.

Guinness, like Macallan-Glenlivet, was inspired by the rising price of whisky (for which it can take some credit after cutting stocks and sharpening the marketing effort of Distillers). Meanwhile, Reuters news agency soared on a wave of US enthusiasm; so did Premier Consolidated after striking lucky with a wildcat well. Inevitably, bids and bid speculation played an important part in dictating this year's

leaders. UK Paper has just succumbed to a £225m bid from Fletcher Challenge. The New Zealand-based pulp and paper group, Unitech, the electronic components' manufacturer, had been boosted by bid speculation ever since Tito Tettamanti, a Swiss financier, bought a stake in April.

Desouter Brothers, a family-controlled power tool-maker, received its boost from an £88m agreed bid by Atlas Proctor, the Swedish engineering company, Aquascutum, the fashion house, also saw some speculation after a spate of persistent buying at the start of the year.

Conversely, though, hangovers after take-over speculation can push companies easily into the laggards' list. Take, for instance, Ameraham International, which combined falling profits with the evaporation of bid speculation that beset the company after the Government redeemed its golden share last year. Stobhouse's performance was also depressed by fading bid hopes when Asher Edelman, the arbitrator, was prompted by the Takeover Panel to announce that he had no plans to bid.

A more drastic disappointment of take-over hopes came from United Scientific Holdings, a defence contractor. Its shares tumbled after Meggit, a specialist engineering group, walked away from a £104m bid after a wealth of bad news about the group's performance.

But where unexpected bad news was concerned, nothing could beat Ferranti International. It revealed an alleged £15m fraud following its acquisition of International Signal and Control in 1987. On a smaller scale, another troubled electronics company re-stated its accounts radically as Cray Electronics. A review of its accounting policy resulted in its 1988-89 profits being slashed.

Problems with new subsidiaries was another recurrent theme. The TV company hit by large losses at US subsidiary MTM, proved a prime example. A disastrous US acquisition did

not help the cause of PWS, a Lloyds insurance broker which also was hit by competition and bad debts. GPG, the rump of the former Guinness Peat group owned by the creditor banks of Equity Corp of New Zealand, saw its profits tumble due to the weakness of its US fund management arm.

Leisure investments came unstuck after its ambitious £170m acquisition of Peter de Savary's Land Leisure Group last year. After announcing that it would not pay the dividend on some of its preference shares, it succumbed to a bid from Bear Brand. Pennant Properties, meanwhile, came a cropper because of its holding in a Boston-based property company which, in November, sought protection from its creditors under chapter 11.

By and large, the poor performers are the usual assortment of companies dragged down by difficult trading conditions and ill-judged acquisitions. What, perhaps, brings an extra piquancy to the major company laggards this year is the predominance of high-fliers from the mid-1980s.

Look, for instance, at Amstrad (which was one of the top three performers in 1985 and 1986) and British & Commonwealth, the financial services group. While Amstrad suffered from poor trading conditions and a series of managerial and technical mishaps, and B&C floundered through high interest rates and problems with acquisitions, both could be said to be the result of over-stretched and over-optimistic management.

Obscurity is certainly no guarantee against a dramatic reversal of fortunes, though. Any tendency to gloat about companies in the best-performing list should be checked by this year's cautionary tales.

Oakwood Group, the third-best performer after the introduction of new management in 1987, called in the receiver this week. And Tinsbury Jute, last year's top performing company, was suspended after its new chairman was arrested on insider dealing charges.

LEADERS AND LAGGARDS 1989

Companies valued at over £100m

The Leaders		The Laggards	
	(% change)		(% change)
Macallan-Glenlivet	+331	Amstrad	-76
Cityvision	+179	Ferranti Int. Signal	-63
Securicor Group	+140	Coleroll	-54
Body Shop Int.	+110	British & Commonwealth	-51
UK Paper	+105	Stobhouse	-45
Unitech	+104	Next	-43
Guinness	+99	Canon St. Investments	-42
Reuters Holdings	+89	TVS Entertainment	-37
Premier Consolidated	+84	Ameraham International	-32
Asprey	+84	Travis Perkins	-30

Companies valued at under £100m

The Leaders		The Laggards	
	(% change)		(% change)
Desouter Brothers	+125	Lowndes Queensway	-77
Eurocopy	+112	Leisure Investments	-74
Aquascutum	+85	Anglia Secure Homes	-71
Harland Simon Group	+82	Pennant Properties	-69
Camelot Investments	+62	McCarthy & Stone	-68
Life Sciences	+53	PWS Holdings	-65
Henry Barrett	+52	Cray Electronics Holdings	-65
F&C Pacific	+52	GPG	-60
MTM	+51	Northamber	-57
Eastern Produce	+49	United Scientific	-55

Source: Datastream

Time to test your knowledge . . .

DONALD BROWN challenges expatriates to test their knowledge of the UK financial scene.

1. What are the top rates of:
 - (a) Income tax?
 - (b) Capital gains tax?
 - (c) Inheritance tax?
2. At what point in the beginning of the decade?
 - (a) Generally, UK source income remains taxable even when you are non-resident. Can you name any exceptions?
 - (b) Is income tax relief available in respect of interest payable on loans made outside the UK?
3. Following the introduction of separate taxation for married people on April 6 1990, married non-residents receiving taxable UK income must necessarily improve their income tax position by dividing the source between them as far as they are able. Is this correct?
4. Part of your work with your multinational employer is carried on in Britain. Following retirement to the UK, you take maximum pension commutation. What is the payment by exempt from UK income tax? If so, how much?
5. After a period of residence and ordinary residence in the UK, you undertake a full-time assignment for your employer overseas. You leave on May 1 1989, and return to the UK on June 5 1990, you continue overseas until November 1 1990, following which you resume your normal UK duties. Will you have to pay tax on your salary for the period May 1 1989 to June 5 1990?
6. Liability to tax on capital gains accrued while you are not resident, and not ordinarily resident in the UK can often be avoided by realising the assets concerned at any time up to the day before resuming permanent residence there. In what circumstances does this apply? Is it true that:
 - (a) People who either resident non-ordinarily resident in the UK can never be liable to capital gains tax. True or false?
 - (b) At what point is capital gain regarded as having taken place?
 - (c) As a result of the last UK Budget, what "umbrella" is no longer proof against tax?
 - (d) 11 What legislative changes resulted from the Inland Revenue's consultative document *Residence in the UK: The Scope of UK Taxation for Individuals*?
 - (e) 12 When did it cease necessarily to be the case that, on marriage, a woman assumed her husband's domicile?
 - (f) 13 Is a transfer of assets from one spouse to another always exempt from inheritance tax?
 - (g) 14 If, as a result of emigrating from the UK, you are treated as not domiciled there, would your overseas assets be exempt from inheritance tax if you were to die shortly afterwards?
 - (h) 15 You take up a full-time assignment overseas for your UK employer. For how long are you permitted to contribute to:
 - (a) Class 1 National Insurance contributions.
 - (b) The UK-based superannuation scheme.
 - (i) 16 Do UK expatriates qualify to invest in PEPs?
 - (j) 17 If you invest in an off-shore branch of a UK building society, is it correct that for UK tax purposes:
 - (a) Income will be treated as arising outside the UK?
 - (b) The capital will be regarded as a non-UK asset?
 - (k) 18 If you invested in an off-shore single Premium Bond after November 17 1983, for which of the following reliefs will you qualify after resuming UK residence:
 - (a) Deferral of income tax liability on drawings not exceeding the premium allowance (ie, 5 per cent for 26 years).
 - (b) Exemption on account of profits which accrued while you were non-resident.
 - (c) Limitation of liability to the excess of premium allowance (ie, 5 per cent over basic rate tax).
 - (d) Capital gains tax indexation and annual exemption?
 - (e) Exemption of all gains accrued at death?
 - (l) 19 From January 1 1990, advisers must give a "Buyer's Guide" to every investor contemplating a transaction in life or pensions policies, regulated unit trusts, and PEPs which contain such trusts. What information must this guide contain.
 - (m) 20 Is it necessary for you to sign a client agreement with your UK-based investment adviser indicating the terms on which he will undertake business for you before he can give

advice or make recommendations.



advice or make recommendations.

Animals in the jungle

- LAMONT'S Glossary, the guide for investors published by London Intermediary I.P.S. Lamont, includes definitions of many strange varieties of "animals" in the City. How many of the following terms can you identify?
- Alligator
 - Bears
 - Bullfrogs
 - Bulls
 - Bumble bees
 - Cats
 - Miller Bees
 - Monkey
 - Pony
 - Porcupines
 - Sharks
 - Snakes
 - Stags
 - Tigers
 - Zebras

Action in the City

- THIS has been a year of intense takeover activity and scandal in the City. Here are 20 clues to test your knowledge and memory.
1. Which glittering prize escaped the clutches of one predator, only to fall victim to a second straight away?
 2. Who swapped a French snail for a German island?
 3. Which company sent up distress signals following the discovery of unexpected losses?
 4. Who said he didn't intend to fall on his sword, but later stabbed himself with an arrow?
 5. Which birdlike company turned the tables on a previous predator?
 6. Who sought to "unbundle" a very expensive package?
 7. Who burned their fingers when flouting in?
 8. Which long-running opera came to a happy ending?
 9. Where did Britannia rule, K.A.?
 10. Who cut their cloth into two?
 11. Which famous brothers came unstuck?

Test your knowledge of taxation with this quiz devised by tax advisers Power, Law.

1. As £100 investment income, less £25 tax paid.
2. As £75 investment income, less £18.75 tax paid.
3. Father died in 1972 and under his will left the income from his estate to his wife and on her death the capital to his children. What tax would be payable on mother's death in 1988?
 - (a) Inheritance tax will be charged on the increase in the value of the estate.
 - (b) Estate duty at the old rate will be levied.
 - (c) Inheritance tax will be payable on the total value.
 - (d) No tax will be charged.
4. If father died in 1976 and left his assets in the same way as 3 above, how would tax be charged on mother's death in 1988?
 - (a) Inheritance tax on the increase in value of the estate.
 - (b) Inheritance tax on the total value of the estate.
5. You have purchased a single Premium Bond, arranged the policy in trust for your six-year-old son, and the trustees withdraw 5 per cent a year for the son's maintenance and education.
 - (a) 5 per cent per annum will be tax-free.
 - (b) 5 per cent withdrawal will be taxed as the child's income.
 - (c) 5 per cent withdrawal will be taxed as your income.
 - (d) 5 per cent will be subject to tax payable by the trustee, at the rate of 15 per cent.
6. Your 13-year-old son wins a scholarship of £3,000 a year to a public school. It will be taxed as:
 - (a) Your income.
 - (b) His income.
 - (c) Not taxed, but your child benefit will be extinguished.
 - (d) No tax effect.
7. To prepare for independent taxation, you are going to give your wife some shares so that she can take advantage of her own capital gains tax exemption. You can:
 - (a) Put the capital in trust so that she receives an income and you get the capital back on her death or on divorce.
 - (b) Make the gift subject to her returning the shares to you when she has taken advantage of the CGT exemption.
 - (c) Only make an outright gift with no strings attached.
 - (d) Give her the rights to the capital but retain the dividends.
8. An annual premium with life policy with profits, could give rise to a tax charge if it is:
 - (a) Surrendered after 10 years.
 - (b) Assigned to a trust after four years.
 - (c) Converted to an endowment policy.
 - (d) The bonuses are encashed after eight years.

Taxing teasers

- ANSWERS IN PAGE 4

Water worries? Andrew Hill tells what to do

Check - then complain

WATER HAS been the most complex privatisation issue so far and there were bound to be a few hiccups in distributing share certificates.

The Water Share Information Office is handling about 200 queries a day. So, what should you do if you have a complaint?

First, you should check the documents you have received. If you were successful, there should be an interim certificate. If any part of your allocation letters to newspapers about not receiving the shares for which you applied, check your allocation against what you think you should have been given.

Assuming you have a genuine complaint, there are several possible courses of action. If the number of shares allocated is wrong, your objections should be sent to the registrar, whose address appears on the back of the interim certificate. If possible, send the registrar a photocopy of the incorrect document with your letter of complaint.

If the return cheque is made out wrongly, the complaint should be addressed to the receiving bank for your local

water company. There are six in all, and they are listed below by water company. You should write to the main receiving bank for your area, even if you took your application by hand to a receiving centre or high street bank.

The receiving bank for your area will also handle any complaints about certificates or return cheques failing to arrive. All successful applicants' certificates should have been sent last Monday. However, the WSIO is advising people to wait until the first week of January before lodging a complaint.

That's little comfort if you're a fevered stag waiting to sell, but it might help local post offices on Christmas hitches in the services which could have delayed your certificates. According to government monitoring services, though, 93 per cent of the certificates reached investors by the first post on Thursday.

Finally, if you and members of your family each applied for shares from the same address, you may now want to amalgamate small allocations of shares in the same company to keep dealing costs to a minimum if you decide eventually to sell.

Transfers between "blood relatives" can be made - as can transfers between joint shareholders or transfers involving no change in the

beneficial ownership of the shares - but it requires a special certificate if you are not to incur dealing costs or lose out on any incentives.

This can be obtained from National Westminster Bank, Registrar's Department, PO Box 82, Caxton House, Redcliffe Way, Bristol BS99 7NH; Lloyds Bank, Registrar's Department, PO Box 1669, Quayside Tower, Broad Street, Birmingham B1 2EB; or through your broker.

RECEIVING BANKS

Anglian, North West: Midland Bank, Stock Exchange Services, Marine House, Peeps Street, London EC3N 4DA.

Northumbria, Southern: Bank of Scotland, New Issues Department, Apex House, 9 Haddington Place, Edinburgh EH7 0LA.

Severn Trent, South West: Lloyds Bank, Registrar's Department, Issue Section, PO Box 100, 11 Bishopsgate, London EC2N 3LB.

Thames: Barclays Bank, Registration and New Issues, PO Box No 123, Fleetway House, 25 Farringdon Street, London EC4A 4HD.

Welsh, Wessex: National Westminster Bank, Registrar's Department, PO Box No 868, Hinchliffe, Bristol, BS99 1XU.

Yorkshire: Royal Bank of Scotland, Registrar's Department, PO Box No 7, Canning House, 19 Canning Street, Edinburgh EH3 8TE.

PEPs that hold water

TWO OF the newly-privatised water companies, Northumbrian and Southern, have launched their own personal equity plans (PEPs) to take in their own shares exclusively. They are similar to the one introduced by Abbey National after its flotation; and the idea is that by handling shares in a single company only, costs can be kept down.

There is no initial charge but there is an annual fee of 0.7 per cent of the value of the holding on April 1 each year, which is deducted from the first dividend payment the next October. If you want to add to your holding by buying more shares in the market, there is a dealing charge of 0.4 per cent. There is also a £15 charge for selling shares.

The plan managers in both cases is C&P Trustees, a subsidiary of management consultant Cockman, Consultants & Partners, which specialises in what it describes as "corporate PEPs" where dealings are confined to the sponsoring company's shares only.

Richard Cockman said the high yields expected on water shares made them particularly suitable for retention in a PEP. Dedicated single-share plans,

like the one the firm had undertaken already for Eays, encouraged investors to hold their new issue shares rather than selling out, since the low charges helped to retain the tax benefits gained by putting shares in a PEP.

Managers of more conventional PEPs say some confusion has been caused by the concession which allows families to amalgamate their holdings into one without losing the bonus or discount. Some investors, particularly those who received small allocations, want to combine family holdings and transfer them into a single PEP. However, the Inland Revenue says you can transfer only your own water shares as a new issue into a PEP.

The Revenue confirms, however, that it is taking a relaxed stance about the condition that applications for the transfer of a new issue into a PEP must be completed by 30 days from the allocation date - a deadline of January 11 in the case of water shares. Apparently, it is prepared to accept that the transaction has been completed if the shares and special transfer certificate, are lodged with the PEP manager by January 11.

John Edwards

INVESTING IN JAPAN

Japan has the strongest economy in the world. The Yen is likely to be one of the strongest currencies. Both these factors will provide profits for the UK investor.

Our December newsletter features: Japan and how to invest there.

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FINANCE & THE FAMILY

Sara Webb examines who gets what from the Government's Barlow Clowes pay-out

The nicest Christmas present of all



Peter Clowes, who ran BC

expected - although not as generous for small investors as they would be under the SIB compensation scheme, which reimburses investors in full for their first £30,000 plus 90 per cent of the next £20,000.

The payments will not be subject to UK income tax since the interest rates are calculated on the basis of interest paid net by building societies. And they are not subject to capital gains tax unless an investor makes a claim to relief for capital losses.

The compensation might, however, have come too late for some people. In the 18 months since Barlow Clowes collapsed, a number of the unfortunate investors have died (although their estates will be able to make a claim). Others had to sell their homes and rent accommodation or go back to work in their retirement years.

George Tyson, 85, a clerk of works from South Ruislip, Middlesex, put £15,000 in Barlow Clowes in 1985. After the collapse, he said: "My wife and I

have worked a lifetime at being thrifty and not being a burden on any form of social or government support.

"The loss of our savings was a severe blow to us both and has forced my return to work part-time. It's the only way I can support my hobby of trout fishing - when I lost all that money, I thought it would be too expensive to continue."

Another investor, Mrs E. Waters of Wickwicks, Derbyshire, added: "To retire, people such as myself who trusted the investment to provide a reasonable standard of living, the collapse brought great hardship and distress at the wrong time of life... Little luxuries such as newspapers, holidays etc. no longer exist. I just have to be thankful that I can pay my household bills."

What many of these investors now have in common is a strong desire to steer clear of risky investments and stick to the safety of a building society or bank deposit.

DTI handled the Barlow Clowes affair. While the Government refrained from admitting fault or liability, it did acknowledge that a large number of investors, many elderly, had suffered hardship because of the collapse.

So, the payments to investors are more generous than

COMPANY NEWS SUMMARY

Company bid for	Value of bid share	Market price	Price below bid	Value of bid share	Bidder
Barclay	64 1/2	68	33 1/2	14.73	Beckham Group
Builder Grp.	340	336	33	58.10	CEP Comms.
Carron Phoenix	60	76	38	5.83	Groupa Bene
Deacons Grp.	120	134	108	400.50	Kingsfisher
Drax (L)	100	101	39	6.75	Woop Grp.
Hestor	282 1/2	334	225	185.30	ADL
Hestor	325	334	306	182.00	ADL
Higgs & Hill	407 1/2	423	322	137.50	Lowell (J.L.)
Lafarge Inv.	30	23	37	4.57	Transworld East
Metel Clowes	1788	180	159	4.24	Wassell
Monotype	150	161	110	32.00	Poliplas
Morgan Grenfell	650	541	475	95.00	Deutsche Bank
Rayson	240 1/2	235	224	137.50	Blue Circle
Rel. Telecom	60	49	23.59	Alkand	
Robinson Int.	590 1/2	685	658	3.30	Richmond
Royal Sovereign	217 1/2	205	158	11.86	Ennes
TDS Circuits	10	25	20	0.90	Telecomp
UK Paper	37 1/2	38	328	236.94	Fleischer Chaffa
VO Industrials	325	321	285	220.20	Fleischer
Wade Polytex	1805	195	133	15.41	Beauford

*All cash offers. †Cash alternative. ‡Partial bid. §For capital not already held. ¶Undisclosed. **Based on 2.30pm prices 22/12/89. †† suspension, ‡‡ shares and ††† in unlimited loan notes, maturing in 1994, in Rothmans Tobacco (Holdings).

RESULTS DUE

Company	Announcement date	Last year	This year
FINANCIAL DIVIDENDS			
Flovello Castors & Wheels	Thursday	1.5	3.4
INTERIM DIVIDENDS			
Pathfinders Group	Thursday	0.3	0.4
Shaver's Zigmata	Thursday	0.3	15.15

*Dividends are shown net pence per share and are adjusted for any intervening scrip issues.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
Aerobics & Hitech	Oct	4,800 (11,780)	8.8 (24.7)	7.0 (8.0)
Aspleyfield Higgs	Oct	1,400 (1,500)	18.0 (8.92)	1.1 (3.75)
Bankers Invest.	Oct	4,000 (2,280)	2.55 (2.07)	2.31 (1.92)
Barclay	Sept	107,300 (101,600)	15.7 (14.2)	6.2 (6.2)
British Sugar	Oct	94,000 (84,200)	91.2 (92.4)	-
Brumner Inv. Trst	Nov	5,700 (5,810)	4.29 (3.28)	3.75 (5.1)
Carroll Phoenix	Sept	32,000 (47,010)	25.1 (24.2)	8.7 (7.25)
Cauldon Group	Sept	901 (271)	1.46 (0.48)	0.33 (-)
Coleridge Inc.	June	230 L (310 L)	-	-
Crown Comms.	Sept	8,250 (3,120)	16.0 (12.1)	5.0 (3.0)
Deacons	Sept	8,400 (4,912)	18.0 (8.92)	1.1 (3.75)
Electronic Data	Sept	1,040 (3,370)	8.45 (11.6)	2.65 (2.37)
G&K Kynoch	Aug	374 L (235)	-	-
GP	Sept	21,300 (37,100)	5.34 (8.59)	0.22 (1.7)
Greiner Trust	Sept	7,300 (5,935)	23.2 (20.4)	5.25 (4.2)
Greenall Whitley	Sept	32,000 (47,010)	25.1 (24.2)	8.7 (7.25)
Guinness Mahon	Sept	8,100 (5,200)	-	-
Kleinworty Chart.	Nov	8,120 (6,140)	5.48 (3.91)	4.25 (3.25)
London Wall	Sept	2,360 (864)	3.61 (11.4)	8.0 (4.0)
McCarty & Stone	Aug	7,100 (34,100)	9.65 (40.1)	3.35 (5.74)
Medway	Sept	90,200 (82,000)	14.9 (13.9)	2.9 (2.9)
River Plate Gen.	Oct	4,170 (3,860)	7.73 (6.79)	7.7 (6.57)
Sirata Invest.	Oct	272 (170)	1.87 (1.11)	1.15 (0.7)
Western Select.	Sept	539 (2,450)	3.18 (10.9)	2.0 (3.7)
Yorkshire Radio	Sept	1,400 (329)	1.8 (2.3)	3.0 (-)
Yorkshire TV	Sept	18,040 (15,640)	32.9 (28.7)	11.3 (8.6)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
Amberley Group	Sept	211 (203)	-	-
AMI Healthcare	Nov	6,800 (5,710)	-	-
Aeda Group	Nov	83,500 (103,540)	1.85 (1.85)	-
Balfour	Oct	2,040 (521)	0.5 (0.5)	-
Beard	Sept	1,100 (1,500)	1.0 (1.0)	-
Booth Industries	Sept	352 (242)	0.7 (0.6)	-
Braxway	Oct	1,640 (1,640)	0.24 (0.22)	-
Braxway	Dec	92 (23)	1.0 (-)	-
British Evening Post	Sept	4,170 (3,970)	3.76 (3.5)	-
British Bull & Eng.	Sept	277 (413)	1.0 (2.0)	-
Bronsgrove Indus.	Sept	3,320 (2,220)	1.3 (1.0)	-
Brumner Group	Sept	1,190 L (615)	-	-
CH Industries	Sept	7,320 (5,670)	1.2 (1.1)	-
Copple	Oct	227 (568)	1.2 (1.0)	-
Craxie Trading Group	Sept	732 (84)	1.85 (0.5)	-
F&C Smaller Co's.	Oct	95 (749)	0.45 (0.4)	-
Finlay Group	Sept	679 (1,560)	2.2 (2.2)	-
Gilbe Mew	Sept	894 (1,550)	2.0 (1.75)	-
Hillwood Group	Oct	376 L (1,200)	-	-
Hornsea	Sept	1,180 (1,180)	1.0 (1.0)	-
Hughes Food Group	Sept	2,200 (2,200)	0.25 (0.25)	-
London Merchant Secs	Sept	11,830 (7,000)	0.8 (0.8)	-
MFI Furniture	Nov	8,800 L (24,300)	-	-
Microtec Group	Sept	776 (63)	1.2 (0.75)	-
Northumbrian Fine	Sept	92 L (182 L)	0.75 (3.0)	-
Peel Holdings	Sept	9,510 (9,260)	3.0 (3.0)	-
Rediant Metal Finish	Aug	21 L (194)	-	-
Russell (Alexander)	Sept	1,850 (1,810)	0.54 (0.54)	-
Select TV	Sept	1,180 (1,180)	1.0 (1.0)	-
Southern Property	Sept	4,420 (4,640)	1.2 (1.0)	-
Starting Industries	Sept	1,330 (996)	1.36 (1.1)	-
Swan John & Sons	Oct	185 (225)	2.2 (2.0)	-
TCL	Sept	1,170 (1,520)	2.2 (2.0)	-
Thames Rober	Sept	828 (828)	0.75 (0.75)	-
Thingier Jute	Mar	1,070 (6,770 L)	-	-
Topo Estates	Sept	1,560 (488)	-	-
Total Systems	Sept	40 (52)	-	-
TR Technology	Oct	1,540 (1,700)	-	-
Union Square	Sept	1,410 (1,840)	0.4 (0.4)	-
Victoria Carpet	Sept	1,080 (1,100)	-	-
Waverley Cameron	Sept	1,010 (1,180)	0.3 (0.3)	-
Wellman	Sept	880 (1,260)	0.75 (0.75)	-
Westwood Invest. Trst	Sept	628 (828)	0.35 (0.35)	-

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss; † Operating loss/profit; ‡ US dollars & cents; †† Net loss/profit; ††† 1st quarter figures. †††† Fig for 3 months. ††††† Plus special 1st interim dividend of 1.2p. †††††† Total income.

RIGHTS ISSUES

Adva Petroleum is to raise £15.2m via a one-for-two rights issue at 15p. Fisher Albert is to raise £10m via a one-for-three rights issue at 110p. Fluoro is to raise £21.1m via a one-for-eight rights issue. Medrace is proposing to raise £37m via a rights issue.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Account type	Compounded return for taxpayers			Frequency of payment	Tax (pence)	Amount invested (£)	Withdrawal (days)
	Quoted rate	25%	40%				
CLEARING BANK*							
Deposit account	5.00	5.10	4.08	monthly	1	500-4,999	0-7
High interest cheque	7.00	7.20	5.78	monthly	1	5,000-9,999	0
High interest cheque	9.00	8.40	7.32	monthly	1	10,000-49,999	0
High interest cheque	8.20	8.80	7.58	monthly	1	50,000	0
High interest cheque	9.50	8.90	7.52	monthly	1		
BUILDING SOCIETY†							
Ordinary share	6.50	6.61	6.29	half-yearly	1	1-250,000	0
High interest access	8.50	8.60	8.50	yearly	1	2,000	0
High interest access	9.00	9.00	8.50	yearly	1	5,000	0
High interest access	8.75	8.75	7.80	yearly	1	10,000	0
High interest access	9.75	8.99	7.89	half-yearly	1	25,000-9,999	0
90-day	10.25	10.51	8.40	half-yearly	1	50,000-24,999	90
90-day	10.75	11.04	8.83	half-yearly	1	500,000	90
NATIONAL SAVINGS‡							
Investment account	11.75	8.51	7.05	yearly	2	5-100,000	1 mth
Income bonds	12.50	9.33	7.94	monthly	2	2,000-100,000	3 mths
Capital bonds	12.00	8.00	7.20	yearly	2	100 mth.	5 mths
3rd issue	7.50	7.50	7.50	not applic.	3	25-1,000	1
Yearly plan	7.50	7.50	7.50	not applic.	3	20-300/month	1
General extension	6.01	6.01	6.01	not applic.	3	-	1
MONEY MARKET ACCOUNT							
Schroder Wag	10.96	11.53	9.22	monthly	1	2,500	0
Provincial Bank	11.06	11.59	9.27	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
3pc Treasury 1991	12.59	10.47	8.27	half-yearly	4	-	0
3pc Treasury 1992	12.02	9.91	8.78	half-yearly	4	-	0
10.25pc Exchequer 1995	10.85	8.97	8.78	half-yearly	4	-	0
3pc Treasury 1990	12.00	11.22	10.75	half-yearly	4	-	0
3pc Treasury 1989	10.19	9.35	8.84	half-yearly	4	-	0
Index-linked 3pc 1982/85	9.65	9.14	8.14	half-yearly	2/4	-	0

*Lloyds Bank Halifax 90-day; immediate access for balances over £5,000. †Special facility for extra £10,000. ‡Assumes 5.5 per cent inflation rate. † Paid after deduction of composite rate tax. 2 † Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

THE 18,000 Barlow Clowes investors, many of whom had feared for their life savings, did much better than they had hoped when the Government announced a £150m compensation package this week. Not only will they receive most of their money back but they will be compensated for lost interest.

All investors in Barlow Clowes Gilts Managers and Barlow Clowes International will qualify for payment, regardless of when they put their cash into the companies. But when it comes to calculating the losses, the scheme distinguishes between investors who withdrew interest from the various funds as it became payable (withdrawers), and investors who left the interest to accumulate in the funds (re-investors).

In the case of withdrawers, losses consist of the capital sum invested at the time of the last interest withdrawal plus interest calculated on that sum at the relevant rate for the period between the last withdrawal of interest and the liquidation. (Investors in BC&I were already been credited in the liquidation with a sum corresponding to this interest element.)

For re-investors, the loss is determined by calculating the sum the investor would have received at the date of liquidation if the investment had been placed in a deposit account on the date at which it was invested in the company.

Interest will be calculated according to the long-term net rates offered by building societies during the relevant period, and compounded.

If any capital sum was withdrawn, then the balance on which interest was payable would be reduced from the date of withdrawal.

Likewise, if someone invested on more than one occasion, interest on the later instalments would run only on the date on which the relevant investments were made.

Investors who lost £30,000 or less - which covers the great majority - will receive 90 per cent of their money back. But the 200 or 300 who invested more than £30,000 will get back a smaller proportion. For sums between £30,000 and £100,000, it will be 80 per cent; over £100,000, only 60 per cent.

Interest at the relevant rate will then be applied to the reduced figure, calculated from the date of liquidation to the date of payment.

Letters were sent out this week to investors, who have about a month to decide if they should accept the Department of Trade and Industry's offer. The DTI hopes to make all payments by the end of February, although it might pay out for claims made later if there is good reason for the delay.

A condition of payment is that the investors agree to assign to the DTI all their rights in the liquidation and against the parties.

The Government's decision to pay up coincided with publication of a report from the parliamentary ombudsman, Sir Anthony Barrowclough, which was highly critical of how the

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Eric Short hears some good news from the life companies

With-profits contracts boost

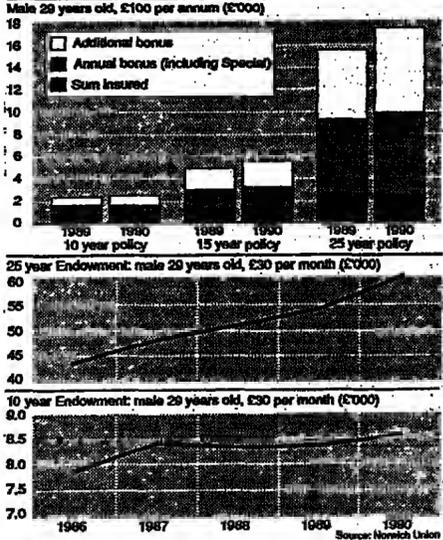
WITH-PROFITS endowment assurance policies have gone out of favour as a savings medium with both the public and financial advisers, except when they are used to pay off a mortgage. Yet, for those investors who have saved through a with-profit contract for many years and have lasted the course, there is good news from traditional life companies which market such products.

This week, Norwich Union and Commercial Union, two of the top with-profit life companies, announced substantial increases in their bonus rates. As a result, an investor who began aged 29 and has saved £30 a month over the past 10 years with the Norwich will receive £8,525 when his policy matures next year. This is a net yield, ignoring tax relief on the premiums and making no allowance for death cover, of 18.5 per cent a year.

Investors who put away £30 a month for 15 years will receive £20,331, a net yield of 16.1 per cent. Those who lasted the 25-year course will have accumulated £50,226, a net yield of 13.9 per cent a year.

These maturity values show a substantial increase over comparable periods made this year - some 3 per cent higher for 10 years and 11 per cent higher for both 15 and 25 years.

Payouts on Maturing Endowments



For example, an investment of £30 a month over 10 years in a policy building a 'savings' account would have accumulated by January 1 1990, to about £5,700 for a basic rate taxpayer compared with the 10 year with-profit from NU of £8,525 net of tax.

MINDING YOUR OWN BUSINESS

THIS IS the season to sit deep in an armchair, sip a glass of port and contemplate magnificent schemes that will change your life-style and make so much money for you that it will be delivered in wheelbarrows (writes ROY HODSON). In real life, a great number of the small business adventurers I meet when doing this page started their new careers by facing up to the unwelcome need to change. They were forced by circumstances to make tough decisions and find a new way to make a living. But harsh truths need not stop us dreaming of owning and running activities that will be congenial, not too taxing and, naturally, highly profitable.

Such dreams call for an occupation which provides its own distinctive life-style, and the antiquarian market seems to fit the bill admirably. So, let's top up the port and think about a cultured life dealing in old books and antiques - a life such as that led by Rick Gekoski, an academic who became a dealer in rare books and manuscripts.

The don who began dealing to support his book habit

WHEN RICK Gekoski, an English don at the University of Warwick, announced - aged 39 - that he was retiring from the academic life to buy and sell rare books, some of his colleagues said he was lucky to be able to make the change because he had a business of his own to which he could go. His reply was that any one of them could do the same.

He pointed out that had nothing tangible upon which he could lean to support himself, his wife and their two children. He was simply taking a calculated gamble that he had the skill and the wits to survive by trading.

Gekoski had tested this water by starting to deal seriously a couple of years previously. As he put it: "If you are a keen collector with a fondness for rare and interesting books, and you have only a university lecturer's salary with which to indulge your interest, then you are virtually forced to start dealing to support your habit."

In his case, he made a remarkable discovery early in his transactions - he found he actually preferred dealing in

rare books and manuscripts to collecting them. That knowledge has served him well. His turnover has reached £350,000 this year and he expects to top the £500,000 mark in 1990.

Born on the east coast of the US, Gekoski gained a D.Phil. at Oxford before setting out on a teaching career at Warwick which was to continue for 14 years. Even at Oxford, he couldn't resist buying occasional books for about £1 and selling them on for £2 or £3.

"Although I didn't realise it at the time, I was getting a great training in business," he says. He also made a number of mistakes during his early deals and believes that they provided him with the most valuable experience of all.

His first real cash-raising exercise was about seven years ago when he wrote a catalogue of a small collection of his own books which he had decided to sell. His speciality (to which he has remained faithful ever since) was English and American literature of the late 19th and 20th century - a period which he pins down as "from Henry James on." That first

sale went well. Friends in the trade advised him, however, that he would be judged as a dealer on whether he could repeat the performance every six months or so with a fresh catalogue. So, he quickly settled on a disciplined trading pattern of producing two catalogues a year. Each listed about 250 books - worth, in total, about £50,000 - which he hoped to sell before buying for, and working on, the next one.

The catalogue was sent to about 1,500 potential customers in two main categories: institutions and private collectors. By the time he decided to quit Warwick in 1984 to become a full-time dealer in rare books and manuscripts, his sales were touching £50,000 a year, and generating an annual pre-tax profit of about £10,000.

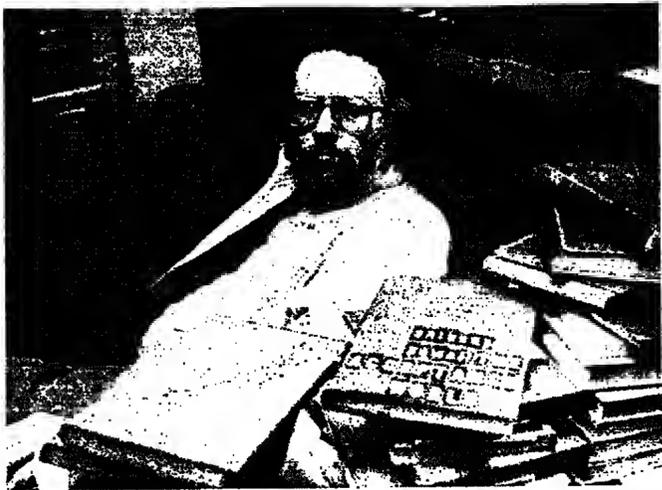
As the business has prospered during the past four years he has, says, "concentrated on doing the things I am good at, such as lunching and dining with people." He is determined that dealing in rare books shall be an enjoyable as well as a profitable occupation.

Towards that end, he is sometimes prepared to take risks with books - and, occasionally, lose money on them.

"It is the risk-taking that makes running a small business like mine rather special," Gekoski says. "You have to buy good material even if you feel you are paying too much." He buys 45 per cent of his books from private owners, another 45 per cent through the book trade, and the remainder from auction houses.

Although Gekoski has built up, in a short time, the sort of turnover many a bookseller would envy, he does not himself have any ambition to own an antiquarian bookshop. He prefers to keep his stock in London premises and work with just two assistants, one permanent full-time and the other part-time.

He has no desire to be the custodian of rooms full of fine volumes. Rather, he strives to keep his stock small - at under 1,000 volumes, worth in the region of £150,000. "From a business point of view, stock consists of books you can't



Rick Gekoski... a calculated gamble that paid off

sell," he says. Indeed, he sees selling as the hardest part of the job and one that requires constant effort. His mailing list has grown to more than 3,000 names and he is looking for new clients all the time.

In the past year, he has twice been offered capital to set up a shop. He has, however, taken a policy decision "never to be a big West End bookseller. That way, I can generate freedom to travel, write [he has

written a book on Conrad and is just finishing his first novel, or play golf and tennis."

■ R. A. Gekoski, 32B Chalcut Square, London NW1 8TA (tel. 01 722-9037).

THERE ARE two types of help needed in small business: emergency or long term. It is akin to physical repairs to cars or machinery: breakdowns require immediate assistance, but regular maintenance should have prevented most of them in the first place.

The distinction could be important in the next few months for, if the signs are to be believed, there really could be bad times just around the corner. People with businesses which are breaking down may well get an unsympathetic hearing from their bank managers if they have not been prudent with the "maintenance" side of their operations.

Many businesses which have been squeezed already by high interest charges are beginning to find that banks want to reduce loans to small firms. One prudent trader who had eliminated a business overdraft of only £8,000 from his deposits was asked last month by his bank manager if he had any spare facilities which could, therefore, be cancelled.

In spite of assured cash-flow for two-thirds of his sales, the trader had to argue to keep the facility at £3,000 - about three weeks' turnover - as a cushion against the possibility of slower payers, another hazard of tighter times. Five years ago, the account opened with an overdraft limit of £5,000, then worth some £10,000, a figure which the bank had suggested was "small."

Ian Hamilton Fazey provides some tips on keeping the bad times at bay When even the fittest need help to survive

The directors of one small heating and ventilating business in Birmingham were invited to see their bank manager two weeks before Christmas. He asked them what contingency plans they had made for the first half of 1990. When they revealed there were few, he criticised them for talking too much out of their business while it was booming during the past three years.

Each had bought a large house and a big BMW car, but the business itself was showing low growth in net assets to finance any down-turn. The bank would have to bear the strain.

The bank manager called in their overdraft and shut them down that day. The BHVs will have to go towards meeting personal guarantees and the directors may have to trade down their houses. Their printer, to whom they owe £800 and who passed on this unhappy tale, will have to live with the bad debt.

Although anecdotal, such stories are products of a general business climate. The Government hopes it will improve in 1990, but businesses need to survive until then.

Any business without a blue chip's clout

could be at risk. Richard Marshall, a venture capitalist who runs the March Investment Fund in Manchester, says: "We are looking at a lot of financial reconstruction packages for over-gearred companies."

"Companies wanting more overdraft from their banks are not only having applications turned down but they are having existing overdrafts called in or facilities reduced." Entrepreneurs should, therefore, know where to go for help if they need it.

Len Collinson is chairman of management consultant Collinson Grant in Manchester, a member of the Confederation of British Industry's north-west regional committee and the GB's small firms council for the maximum term of six years. "People don't use the help that is available," he says. "They pretend the worsening times are going to go away on their own and they get in their trenches with their tin hats on and their heads down. By the time they start looking for help, it's too late." It is this, he says, that entrepreneurs should be asking for help as they would be about expanding their markets.

So, where should people go and what should they do? Since banks want to minimise their own risks in case of a recession, the bank manager might not be the best person in whom to confide if you are in trouble.

Ron Raiford, director of the Community Trust - Britain's first enterprise agency - says organisations like his will always be a useful first port of call. He has found a steady decline in start-up enquiries recently, with a switch towards help in planning future expansion or emergency repairs to the finances.

Some enterprise agencies - such as those at St Helens, Bolton, Leeds, Hartlepool and Macclesfield - are better than others because of resources available or the experience of the staff, but there is a network of 300 in Britain with ready access to local professionals who can offer independent advice.

Collinson says that a small business's accountant ought to be the person to approach first. The past 10 years have seen all professionals develop a better network among themselves, so accountants have ready access to people running venture

funds or to more sympathetic bank managers.

Businesses in trouble are not the only ones which should now be seeking help, though. In prosperous times like the past few years, slackness might creep into any organisation because increasing levels of turnover and profit mask deficiencies. Collinson says: "Now is the time for everyone, however small their businesses, to look for accumulations of fat that may have deposited during the good times. People should look at their costs, sales prospects, expenditure, and future sources of funding. It's very much back to basics. The fit will survive and do well again in the 1990s."

This is where the "maintenance" side of help comes in. Some of the best is the subsidised consultancy available from the Government under Enterprise Initiative. This covers business planning, design, financial and information systems, quality, manufacturing and marketing.

Any individual, partnership or company with fewer than 50 employees can apply - and that includes one-person small businesses. An enterprise counsellor provides an initial review and screening for what is

needed most, with between five and 15 days of specialised help thereafter.

There is, however, an almost bewildering range of other help available. Enterprise agencies will have information about most of it, especially anything that is for local applicants only - such as northern businesses in coal, steel or fishery closure areas where almost anyone likely to create new jobs will be helped.

After a narrowing-down process that has gone on for several years, there are also two very good, regularly up-dated sources of information into which people can dip for themselves. One is an easily digestible overview and the other is so comprehensive it now runs to more than 200 pages.

Public Money for Business Projects is available from Collinson Grant, Colgrain House, 20 Worsley Road, Swinton, Manchester M27 1WW (tel. 061 793-9028) at £2 including postage.

National Westminster Bank's Official Sources of Finance and Assistance is on computer at branches or obtainable as a book for £18 through NatWest Business Information Section, 6th Floor, National House, 14 Moorgate, London EC2R 6BS (01 722-1100, ext. 1248).

Local enterprise agencies come under the umbrella of Business in the Community, 27A City Road, London EC1X 0LX (01 253 3716), which publishes a directory of them and their services.

A time for the taxman to pay

I WORK full-time for a large company but have just started a small business, part-time. Can I claim any tax from my PAYE for expenses and capital outlay (van/car) under the business start-up rules? I intend to carry on with both activities for the foreseeable future. I am also in a company pension scheme.

■ In principle, the answer is yes - but everything depends upon the precise facts and figures, of course. Ask your tax inspector for these free pamphlets: IR29(1988) - Starting in Business; and CA1(1973) - Capital Allowances (with later supplements).

A note of caution

WILL YOU please advise me about the risks of transferring stocks and shares out of my name into nominees. My broker stresses the advantages including savings on costs and administration, the simplicity of transferring stock, and the ease of realising within the soon-to-be mandatory five days. But my solicitor urges caution, and the Stock Exchange complaints section mentions the theoretical risks of broker default and insolvency.

Q&A

BRIEFCASE

What protection is there against insolvency? Are shares held in nominees part of the assets of the holding firm? If a firm and a client both hold the same share in nominees, and the firm goes bust after borrowing against its stock holding, might the client's share be vulnerable to creditors? Do all possible signatures of a transferee have to be members of the Stock Exchange, thereby allowing access to its compensation fund, if required?

■ There is justification for the cautions advised by your solicitor if you want full protection. It can be very unclear how any given nominee actually holds the shares registered in their names and, frequently, there are different categories of holdings.

It is by no means certain that all nominee holdings are

Letting a cottage

IF MY WIFE were to let our self-contained former staff/granny cottage (hitherto in family use for holiday and other short lets, while we continued to make use of it occasionally for guests, children etc., would the profit count as her income (we own the whole property as tenants in common) and be taxed accordingly?

■ If it were treated as my wife's earned income by virtue of having sufficient holiday lets, would my wife have to pay National Insurance contributions (she has no other earnings).

■ And what would be the position regarding (a) the community charge and (b) CGT?

■ At present, the cottage is not let separately and would probably be needed again for family use in two/three years' time.

not vulnerable to creditors: there can be considerable difficulty in identifying any particular client's block(s) of shares clearly enough to claim that they are impressed with a trust. If that cannot be established, the shares will be part of the assets of the holding firm.

If she were to offer breakfast in addition to linen and cleaning, would this alter the situation?

■ Since you own the property jointly (as tenants in common) the income would belong to you in equal shares.

If your wife made a separate charge for providing meals etc., then the profit from that would belong to her (assuming that you neither subsidised her nor shared in the profits from her separate activities).

Your wife might become liable to pay class two NIC (subject to her right to claim a concession, in advance, by reason of small income from self-employment) and possibly class four if the profits were high enough. Do not forget the VAT angle if the receipts look like being high enough.

There should be no community charge consequences on the bare facts outlined. There would probably be a liability to business rates.

As to whether the cottage is part of your residence, some cases have gone in the taxpayer's favour and some not when the property in question had been sold and CGT had been charged.

This is one of the points you should discuss with your solicitor (in the light of the decided cases and the precise facts) when the time comes.

Taken on trust by the Revenue

WITH THIS year's tax return, I have to give details of equity transactions because I am trying to establish a capital loss for setting against future capital gains. Also, the total sale proceeds are more than £10,000 so I would have to give details anyway.

I have produced a list showing all the calculations for the shares I sold - acquisition value, instalment payments, rights issues, indexation for inflation, etc. I have produced a similar list for the traded options I bought (some of these expired worthless).

Do I have to enclose documentary evidence of everything now with the tax return, or do I just produce my list and send the documents when I am asked for them? And when I do send evidence, such as contract notes, can I send copies or must they be the originals?

I can produce purchase and sale contract notes for those shares I bought and sold through a broker (both fully and partly-paid). But I have no equivalents of contract notes

for those shares I acquired in privatisation issues, nor for the instalment payments for them. Likewise for some new issues, rights issues and dividend shares. Is evidence needed for these situations, too? If so, how or what?

Then there are the traded options. I do, of course, have sale contract notes for those I sold, but not for those that expired worthless. How can I prove that I did not sell them?

The loss I wish to establish is, in fact, not a loss on equities alone. Rather, I made a gain on equities and a larger loss on traded options. I hope I do not have to set the loss on traded options against future gains on traded options only, because I do not intend to trade in options to that extent in the future.

I am assuming that I am allowed to combine the gain on equities with the loss on traded options to produce an overall loss which I can set against future gains in either equities or traded options or both. Is that assumption correct?

One isolated question about dividend income, for which I have also made a list do I have to enclose the tax credit counterfoils of the dividend cheques, and must they be the originals?

■ You do not have to send any documentary evidence unless it is asked for, and it is unlikely that you will, in fact, be asked to produce any. As there are substantial penalties for making false statements, the Inland Revenue generally believes what taxpayers say; without this basis of trust, the tax system would be much closer to administrative breakdown than it is at present.

Inland Revenue officers are generally more trusting than their colleagues in the Department of Social Security, for example, which could be one reason for the resistance in both departments to the pressure for integration of social security tax with the general income tax system.

Yes, losses on traded options are treated in just the same way as losses on equities. (We have assumed that you are

talking only about traded options on the international exchange - the London Traded Options Market. Please come back to us if this assumption is incorrect, as the answer might be slightly different).

As you mention instalment payments on privatisation offers, perhaps we should remind you that the indexation relief on such instalments is calculated from the day on which you acquired the shares (and not merely from the time when each instalment was actually paid). This rule is to be found in section 87(5)(a) of the Finance Act 1983. If you wish to check it in a local reference library.

The tax credit counterfoils for your dividends have to be produced (for cancellation) only if you are claiming payment of the tax credit; e.g. if your personal allowance etc. exceeds your untaxed income (if any) in this situation, you must produce the original vouchers - but only enough vouchers to cover the amount of credit which you are claiming in cash.

MINDING YOUR OWN BUSINESS

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MOTORING/GARDENING



Chevrolet's racy Corvette ZR-1... It showed that the Americans really can make a world-class super-sports car

Nice cars, pity about the traffic

Stuart Marshall reflects on his driving year and admits he sometimes takes the train

LOOKING BACK over my motoring year, what stands out most? The sheer, grinding increase in traffic, for one thing. Putting the fourth lane in the most heavily-used south-west segment of the M25 London orbital motorway took an age. Now that the work has been completed, it has made getting to and from Heathrow airport a little quicker but, above all, more reliable. And journeys involving the M1, M3 and M40 have benefited, too.

In the south 90 years ago, I found out just how safe an Audi quattro 90 could feel when driven briskly (but responsibly) through the Pass of Glencoe in a fierce down-pour. And, a few weeks later, now glorious it was to go motoring in a traditionally British four-litre Jaguar through sunny Deseide.

There were some good trips across the Channel, too. One was in near-tropical temperatures from Tours in Calais, reaching along the autoroute in silent, air-conditioned splendour in a BMW 750i.

Another was in a new Mercedes SL convertible from Lisbon to the Algarve. I had left England in a heat wave, only to find Portugal cold and wet. But the world's best automatic hood made the weather seem unimportant. I flipped it up and down between showers, enjoying alternately saloon car comfort and fresh air (as you can experience it only in a soft-top) at speeds I prefer to keep my own counsel about.

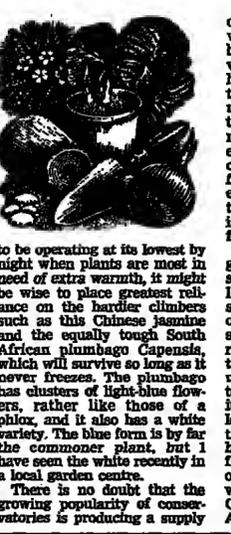
I wouldn't pretend for a moment that driving the cream of the world's cars is not an agreeable way of earning an honest crust. But there are difficulties. For example, how do you assess properly the value and merit of a car with a designed top speed of, say, 160 mph (257 km/h) without putting your head perilously close to the block? Not, of course, that all the cars I test - or which impress me most favourably - are costly high-performers. One of the first of the 50-odd I have driven this year for well over 30,000 miles (48,300 km) was anything but.

Some very attractive climbing plants are on display in the glass-house sections of many garden centres at the moment, although it is not always easy to find out precisely what they are because of the increasing tendency to omit names from labels.

Plants with no names

Arthur Hellyer admires what he can't identify

THEIR requirements, and the air would almost certainly be too dry for them and the temperature too fluctuating. These are climbers to buy for a light conservatory, the all-mandras to spread out over trellis work or strained wires to which it would need to be tied, the mandevilla to be allowed to twine around anything convenient: columns supporting roofs, trellis-work, canes, even to the branches of stiffer plants without any need for tying.



of good plants to fill them. It is wise to look in the outdoor beds and standing grounds as well as in the display glass-houses at garden centres, since there are likely to be a few useful plants displayed in them; almost certainly, Fremontia California Glory, an evergreen which produces saucer-shaped, daffodil-yellow flowers from late spring until early autumn and will take all the sunshine and warmth that is going while still surviving a few degrees of frost in winter.

These in our garden centres recently but there are plenty around in specialist nurseries, especially in Devon and Cornwall, and there are also good bougainvilleas to be picked up in some of these, especially the Burcombe and South Down Nurseries at Gwennap, Redruth, Cornwall, which has access to stock plants in some famous private gardens in the county.

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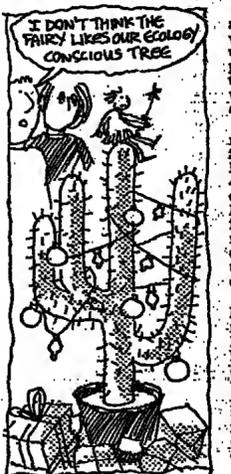
They're dreaming of a green Christmas

Robin Lane Fox keeps an eye on the Sloane-Wallys

THE CHRISTMAS Report from the Sussex Old Rectory, where Julia and Valerie Sloane-Wally have been making their new country garden, wears an unaccustomed tinge this year. It all began with a mid-summer visitor.

She was one of many, most of whom asked about the name of the Pink Perpetue roses flowering in bright carmine against the upper brick facing of the rectory's walls. The purple-leaved acacia in the Sloane-Wallys' White Garden were also a talking point while, Julian and Valerie, who were in the garden with a concept that can be taken too far. In July, however, they found themselves in new territory, Valerie called, and was not in the least interested in the new dozier schillies from Germany; she wanted to know why the Sloane-Wallys had so many bonfires.

As for Julian, did he not stop to think about the blast-furnace that went into making a metal beer can? Did he not know that tinned tuna had a highly-problematic level of mercury, and that tuna-catchers used fish-nets that trapped dolphins as well as tuna, drowning them without a second thought? Holy smoke, Valerie realised, the woman isn't pink: she's green. "We do keep a pony," she pleaded, weakly, never expecting that their Indian old pet, Peter Jones, would be a spokesman in her favour. "You probably had it on post," Valerie retorted.



After all, says the association, vehicles littering paths are more than a visual intrusion. The damage they do to pavements is held to make 500,000 pedestrians trip and injure themselves each year.

She had the nerve to switch off the garden sprinkler (the drought was beginning to hurt Veronica's young double-flowered snapdragons) and it really was the limit when she suddenly asked Veronica what she had sprayed on her designer hair-cut before lunch. With hindsight, it was particularly unfortunate that, before Veronica could answer, they found Julian eating a tuna salad and downing a can of beer on the new wooden garden seat.

Did Veronica still not realise that teak comes from tropical forests, and that careless garden furniture was sending Third World millions of gallons of rainwater?

There was another landmark in the impressive advance of chess computers last week when Deep Thought, the world champion machine, defeated David Levy, the international master and former Scottish champion, by 4-0 in the Infotink Challenge. Levy, an expert and writer on computer chess, had won two previous matches against machines but, on this occasion, was out-classed.

Man v machine chess contests are now highly popular in the US, sparked off by Deep Thought's tournament successes in 1988 and the machine's defeat by world champion Gary Kasparov ("I asked to protect the human race").

White mates in four moves against any defence (by F. Ghegold). The charm of the best problems is that the solution can be irritatingly hard if you get stuck, yet obvious and simple once it is revealed.

Bridge

spades from dummy) and followed with ace and queen of clubs. In the five-card end position dummy held ace and king of spades, knave and six of hearts, and the club king. East held knave, 10 and six of spades and the queen and 10 of hearts, while declarer held his three spades, diamond knave and seven of clubs.

West led the two of hearts, won by the king, and East wondered what she should return. A diamond is tempting, but she rejected that and led back the three of hearts to the queen. Prospects were not bright, but declarer saw one chance: a club-diamond squeeze on East. For this to succeed, East had to hold the king and queen of diamonds and the club king.

Chess

champion Hans Berliner, but they were beaten 1 1/2-1 1/2. Gulko and Rohde won all four games, while Deep Thought's only point came when former world junior champion Dingy played carelessly when a pawn was up.

Chess problems and solutions. Includes a chessboard diagram and text: 'White mates in four moves against any defence (by F. Ghegold). The charm of the best problems is that the solution can be irritatingly hard if you get stuck, yet obvious and simple once it is revealed.'

TRAVEL

Around the Big Bend

Michael Thompson-Noel deep in the heart of Texas

Day 1: "Honey," says the waitress, "yew eat up them green beans, then yew ken hev more chick'n. Yew look like yew need nourish'n."

The waitress is a kindly soul, fortyish and shapely, so I do as I am bidden and eat up all my beans. I am in a small-time restaurant in Monahans, in south-western Texas, having flown in to Midland just an hour ago after a fog-delayed flight from Gatwick to Houston that has left the skin of my face as taut and as ticked as any Dallas matron's.

I drink my milk. I eat my corn and beans. I stick a Marlboro in my mouth and rock back on my chair. I try to jut my jaw. Welcome - honey - to Texas.

According to my Texas Travel Handbook, Midland lies on the former Chihuahuan Trail, the earliest road to California, and also on the former Comanche War Trail. It is named for its location halfway between Fort Worth and El Paso, and had a quiet agricultural existence until 1923, when oil was discovered in the "fabulous Permian Basin." Today, Midland is the headquarters of the West Texas oil industry.

Leaving Midland, I steered myself briskly on to Interstate Highway 20, heading south-west towards Monahans and marvelling at the dead-flat terrain - as flat as the Zambian plateau, or the desert of Australia. In fact, that you can see the planet's curvature.

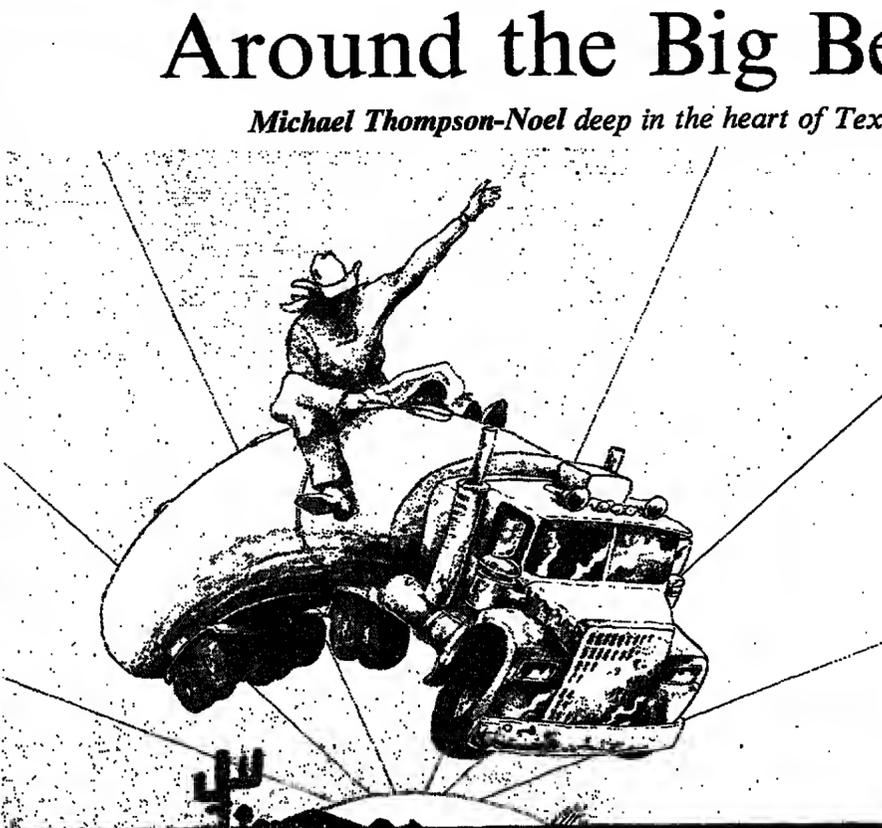
Texas is big, alright, though not as big as myth and modern boosterism would have us believe. It measures 801 straight-line miles from north to south and 773 miles from east to west which means, says the handbook, that its 275,416 square miles are large enough to fit 15 of the 50 states within its borders and still have 1,000 sq miles left over. Its boundaries extend for 3,816 miles, of which the longest segment (1,245 miles) is the Rio Grande - where I am heading - which marks part of the border between the US and Mexico.

A few things about Texas are on a reasonably intimate scale. Monahans, for example, gives you access to Sandhill State Park, 4,000 acres of wind-sculptured sand dunes which proved a formidable obstacle to the pioneer wagon trains. What is not so apparent is part of one of America's largest oak forests, which stretches for 40,000 acres. The forest is hard to see because its mature trees (Hawthorn oaks) are seldom more than 3 ft high. To maintain this miniature surface growth, they send down roots as far as 90 ft.

After Monahans I drive 50 miles south to Fort Stockton, a former frontier military post that is now the seat of Pecos County.

"The retail and shipping headquarters for vast ranching, natural gas and oil activities," says the handbook, "and major West Texas crossroads. Hunting excellent for mule deer and pronghorn antelope."

The sky is brilliant, the sun full and warm, as I drive another 50 miles south to Marathon where I spend the night at the Gage Hotel, a restored 1920s ranch-style hotel. Its manager, Giddings Brown, who has the looks of a cavalry officer, describes it as "one of the best of most of the small hotels in Texas." Marathon is the gateway to the Chihuahuan Desert, a high dry wilderness that pokes northwards out of Mexico into western Texas and southern New Mexico, and to Big Bend National Park.



Giddings tells me that his favourite times of year in West Texas are also those when people are fewest. "In January and February it's cold at night but warm and beautiful by day," he says. "You can hike for hours in the desert without overheating yourself. My other favourite time is August and September, which are not so hot as June and July." (It crosses my mind that a hotel manager would seek to advertise the charms of his least busy months, but as Giddings Brown could teach me a thing or two about courtesy and good manners, I still the suspicion.)

After dinner, I delve and fossick in the *New York Times*, which reminds me that sombre issues loom beyond the Texan border. Because I do not wish to be mistaken for some sort of pinko, or for one of those freeze-dried hippy types left over from the early 1970s with which the desert regions abound, I am reading the *Times* in the

security of my room.

"Last year," it says, "the national Butterball Turkey Talk-Line (800-323-4848) fielded 4,633 inquiries, and 16 callers an hour asked: 'Is it safe to stuff a turkey?' The National Turkey Federation says 200,000 five million turkeys are purchased during the (Thanksgiving) holiday season, and we are not convinced that all those people understand stuffing safety measures," said Laurie Wilson, the association's consumer affairs manager in Reston, Va. The Turkey Talk-Line disagrees. . . ."

Day 2: I have left Marathon and am now deep amid the scrublands, the soaring sand dunes, painted badlands, barren flats, volcanic ash heaps and mountain ranges of Big Bend Country, where the national park sprawls across 1,106 sq miles of the southwestern tip of a great U-turn made by the Rio Grande.

This is a young desert, and a colourful one: ochre, yellow, grey, black, white, cream-washed gold, pearl, lavender, rose, maroon, olive, khaki and a thousand browns, all of them gauzed by green, reddened by frost or filtered through the blues and purples of far-off mountain places.

Big Bend Country is said to be the place where all the lies about Texas are true, where rainbows wait for rain, where water runs uphill and mountains float in air. People have lived here for 10,000 to 12,000 years. The first to come were nomadic hunters tracking the big game that wandered south ahead of the last great continental ice sheet, including elephant, camel, bison. When the air warmed up and dryness spread across Big Bend, many Ice Age mammals disappeared for good, and so did the hunters.

The next people to come were nomadic Indians adapted to desert living, who were in turn displaced or absorbed by the semi-petulant Jumano people. Then came the Spaniards. Then the Mesquero Apaches. Then the Comanches, who at the full of the September moon - Comanche moon - forded the Rio Grande at Lajitas and raided Mexico, driving captives, cattle and horses northwards. For decades after they were vanquished, the Comanche War Trail, scuffed here, is said to have burned white like a scar across the land.

Then came the miners and then the ranchers, who had to battle against drought, disease and remoteness from their markets. In time, overgrazing all but wiped out the grasslands. And then came the tourists.

Shortly after I leave the park headquarters, a pair of coyotes roars across the road in front of me. The park hosts more than 70 mammal species, including the bobcat and mountain lion (estimated lion population: about two dozen), though the wolves are all gone now. On the other hand, Mexican black bears are re-establishing themselves in the Chisos Mountains, while a programme to re-introduce bighorn sheep in their native ranges in West Texas, and return them to "huntable numbers," is meeting with success.

The park is also home to the Big Bend mosquitofish (*Gambusia gagei*), its range restricted to a single pond. This century, this silly fish has wriggled back and forth between the jaws of extinction. At one point the only survivors were two males and a female that biologists had removed

to an aquarium at the University of Texas at Austin.

Every now and then I stop the car and walk, marvelling at the quietness and the beauty of it all but worrying about the positioning of each footfall - not because I care about my blue suede shoes but because I am afraid of stepping on a rattlesnake, whether a blacktail rattler or a western diamondback rattler or a Mohave rattler, or just any ole rattler.

What has set my nerves on edge is an account in the *Big Bend Quarterly* of an attack by a rattlesnake (admittedly in 1916) on a Fort Stockton cowboy, Roland A. Warnock. The rattler that got Roland had been coiled up in a cedar bush. "He was a big snake," Roland recalled. "Well, I had to kick him off me. It was like kicking a cedar post. He was about 6 ft or 7 ft long. I threw my axe at him, don't know if I hit him or not, but it scared me because I had known several people to die down in the Valley from snake bites." Roland did not die, but his leg swelled up "as big as four legs" and stayed like that for weeks.

These days, according to an informed estimate, about 500,000 rattlesnakes are rounded up in Texas each year, their meat, gall bladders, skins and rattles being in great demand inside and outside the US. In all its many forms, the scale and value of rattlesnake products is now reckoned to rank second only to the illegal drugs market. Poaching takes many forms: exceeding kill limits, hunting out of season, slaughtering protected wildlife on state, federal or private land, using illegal equipment, and so on.

Coyotes, bobcats and foxes are trapped for sale to dealers in fur-clothes fur. A single eagle tail feather sells for \$20 to \$30, a replica Indian war bonnet made of feathers for about \$5,000. For \$20,000, "guides" will help hunters find and shoot a bighorn sheep. Asian entrepreneurs, chasing epicurean delights such as bear hams and front paws, are reckoned to be focusing their attentions on the North American black bear. Poached bear gall bladder fetches up to \$540 per dried ounce. In Japan, the same commodity can sell for \$910 wholesale, double that retail. "North America," says one conservationist, "has the last big bear resources in the world. The Asians have overhunted their own bears due to their beliefs in traditional medicines; now they are going after ours. It's scary."

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Days 3/4: Following the excitement of Big Bend, the next two days, spent in and around Lajitas, are relatively key, though not unenjoyable. On my way to Lajitas I stop at Terlingua, a ghost town famous for its early-November World Championship Chili Cookoff. It sounds a riotous affair, what with all those wet T-shirt competitions and cataraacts of Texan beer.

As a matter of fact, since 1968 there have been two world championship chili cookoffs in Terlingua in the first week of November. This followed a split in world chili circles over rules and titles. As a result, separate cookoffs were held at separate locations. One of the cookoffs was called the "Original Terlingua International Frank X. Tolbert-Wick Fowler Memorial Championship Chili Cookoff, Inc (Behind the Store)." The other was simply called the "Chili Appreciation Society International Terlingua Championship Cookoff."

This year, both winners were women - a fact sufficiently unusual to cause comment in chili circles. The two groups are now reckoned to have patched up their quarrel and to have agreed to stage a single world championship in 1990.

Lajitas, beside the Rio Grande, is a small but pleasant town with a variety of accommodations, including the Badlands Hotel ("A faithful reconstruction of an Old West hotel") and the Cavalry Post Motel, built on the site of the original Cavalry post where General "Black Jack" Pershing housed his troops in the early 1900s. One of the town's attractions is supposed to be raft trips on the Rio Grande, though it looks a sluggish trickle of a river to me, mainly because of the volume of water siphoned off for irrigation. At some points you can almost jump across the river into Mexico. If you wanted to.

By driving hither and thither, I soon get an idea of the emptiness and aridity of south-western Texas. T.R. Feilchenbach, chairman of the Texas Historical Commission, believes that the most ominous portents for the Lone Star State is the steady decline of its rural communities.

"We're at a crossroads," he says. "Texans have always lived off oil, gas, cattle and timber, but it's all being exported. There's never been any accumulated wealth. When there was money, Texans rolled in money but shipped it all out. We're either going to learn to accumulate wealth - or we're going to descend into a Third World status."

After a night at Lajitas I drive north to Fort Davis, via Alpine, and am stopped at the roadside by an immigration patrol. The officers are extremely courteous. They have a frisky tracker dog. One of the officers thumbs through my passport. I tell him: "That's a useful dog you have there. Cross road ridgeback. Three years of age. Good on mountain trails. No collar. I especially like his shoulder." He studies my passport again, genuinely surprised that anyone, anywhere, should have provided me with such a document.

North of Fort Davis I pay a call on McDonald Observatory, just in case they have started to receive instalments of *Spacewatch Catalogue* but they haven't. They check in at Prude Guest Ranch where the owner, John Robert Prude, an immensely hospitable man, hands me a press release that says: "John Robert Prude is a Renaissance rancher. He has diversified ranching in a unique way. Prude has put people in his corral. There has to be a way to make this old country produce more money, and that's why I'm in the business. I'm in," explains Prude. John Robert Prude, his four children, his father John G. Prude and all the Prude wives have turned Prude Ranch into a \$1m per year business."

Day 5: I am now in San Antonio, which is a splendid base for touring central or southern Texas. I haven't been in Texas long, but I have enjoyed its panache, orientation and melange. In his book about Texas, *Home Town*, Stephen Brook says that Texas and its culture inspire as much loathing as affection. "But no-one can deny that Texas has a vibrant character of its own, and a determined optimism that makes most Europeans look world-weary and effete in comparison. Nothing is impossible, say the Texans. And they mean it."



MICHAEL THOMPSON-NOEL travelled c/o Continental Airlines, which operates 44 flights per week between London (Gatwick) and the US: Houston, Denver, Newark and Miami. The Paso (one way) are \$1,000 first class, \$569 business, \$284 economy, with Apex fares (bookable 21 days in advance; minimum stay seven days, maximum six months) available. Reservations: tel: 0293-776484.

Full details about Big Bend National Park (where to stay, eat, etc) can be obtained from the park headquarters (tel: 915-477-2251) or from the Fort Stockton Chamber of Commerce, PO Box C, Fort Stockton, Texas 79735 (tel: 915-336-2294), which publishes a useful leaflet: Big Bend World.

Texas says it has now become the fourth most popular destination for British visitors to the US. There are numerous packages and travel combinations available. For example, the London-based tour operator Ranch America co-operates with British Airways to promote Texan ranching holidays and offers a choice of six days' ranches in the Hill Country area, or San Antonio and Austin. Details from Mary Moore Mason (account director, Texas) at Raitt Orr & Associates, 14 Buckingham Palace Road, London SW1W 0QP. Tel: 01-838-9561.

The Texas Travel Handbook is published by the Texas Dept of Highways and Public Transportation, Ronky Tuck Gelato, by Stephen Brooks Fleander, \$3.95.

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Found: a White Christmas

Yep, Colorado has it all, says Arnold Wilson, even snow

SKIING WEATHER in the US is excellent at present, whereas most European ski resorts are groggy and almost out for the count. Up to 7 ft of snow has been dumped on Colorado, and there have been blizzards in Utah. Even California, where snow conditions are poor, has enough snow for adequate skiing in the score of resorts around Lake Tahoe.

In most of Europe, however, something seems to have gone wrong again with the Alpine winter. The timing could hardly be more dramatic. With some 30 tour operators trying to carve a slice of the exotic US market, it would have been ironic if Europe had experienced its first decent winter for eight years. With the weaker pound and draconian interest rates making a serious dent in the British ski market, the US might have turned out to be something of a flash-in-the-pan. Once again, though, America has turned up trumps. Even the East Coast resorts of Killington and Stowe have plenty of snow.

Graeme Spratley, general manager of the US ski specialists, Sid The American Dream, says: "We're honestly not

gloating. I used to be a rep in Italy and I know how they must be feeling. Recent winters in Europe have been dreadful for the industry."

These are early days, of course. But there needs to be a lot of snow in Europe to prevent a disastrous start to the season. Already, World Cup downhill racing in Europe has been suspended until January.

But there was plenty of the real stuff where I lay cocooned in Trapper's Cabin, on a remote hillside above Beaver Creek, Colorado, last weekend. As we shuffled through the Aspens in our snowboots for a pre-breakfast walk, blue-crowned Teal's jays and chickadees squabbled over treetops left out on the bird tables. This is what winter - and Christmas - should be about. It all seems unattainable in Europe these days.

So much snow was falling in Colorado that our 100-mile journey along Interstate 70 to Denver became fraught. Thomas, the driver of our stretched Lincoln, had to plough through a blizzard that covered the road too quickly for the snow-ploughs to cope with. At Stapleton airport our jet to Reno was the last to

leave a deserted airport after being delayed by snow for more than three hours.

In California they were apologetic about the snow. "It's dumped everywhere but here, they told us at Heavenly Valley. "There's a God-damned front in the Pacific and it just won't budge. Only 15 per cent of the mountains is open."

Since Heavenly is one of America's biggest ski areas, "only" meant that a whole clutch of good runs on the Californian side - Waterfall, Canyon, Ridge, Sky and Powder Bowl - were open. A similar area was open on the Nevada side. And dozens of snow guns were belching out man-made snow.

The glorious lake filled two-thirds of our field of vision. At the top of Sky Chair is another breathtaking contrast as you gaze down at the arid and sinister Nevada desert.

Then, Squaw Valley beckoned. After a meal at Carlo's Murphys - a bizarre Irish, Mexican restaurant where you can obtain exotic cocktails, such as a Pina Colada with Irish Mist - and a night out among the fruit-machines and gambling tables in Stacoline, Arnold Wilson's visit was arranged by Sid The American Dream, 1-4 Station Chambers, High Street North, London E5JJD. Tel: 01 470-1181.

PROPERTY

Docklands: down, but not out

The collapse of one company does not necessarily spell disaster, says John Brennan

PEOPLE LOOKING for straws in the wind have made a positive hayfield out of this autumn's financial collapse of the Kentish Property Group.

Kentish could have been custom-designed as a warning that worse was in store for the residential development sector. Here was a developer with heavy exposure in the London Docklands, and one which had specialised in selling off-plan houses years ahead of completions. Kentish had also grown very quickly - something that could well be regarded as a commendable evidence of risk-taking and effort in much of the rest of the world, but invites criticism in Britain.

The fall of Kentish has caused plenty of speculation about which developer might be next to face a knock-out in Docklands. Ignoring £70m of investment made or committed within the territory of the London Docklands Development Corporation, and forecasts of up to 180,000 new office jobs alone by the mid-1990s, otherwise rational people appear to believe that everything east of Tower Bridge is a commercial graveyard where the undertakers would now be burying dead speculators but for the transport problems.

The idea that the whole area is now impassable because of abandoned piles of rusting BMWs is a fiction in such wide currency that it is dangerous of becoming a self-fulfilling prophecy. Even Sir Terence Courran's Butler's Wharf scheme, which would rank high on any list of the best residential conversions in Britain, has been blighted by such talk.

The slump in sales activity in the area would indeed signal disaster if it were to become a permanent or even an unduly protracted state of affairs. In this event, Kentish could rightly have been cited as the trail-blazer for a whole series of developer collapses.

But in a housing market where supply trails demand to such an extent that it took a virtual doubling of home loan costs to keep the buyers away, the only real medium to long term reason why the lack of sales might become permanent would be if the properties on offer could not be sold at a commercially viable price. News of what actually is happening to two of the major developments following the Kentish collapse helps to brush aside this notion.

Burrell's Wharf and Bow Quarter were two of the East End residential conversions that stretched Kentish beyond its own resources. Both have extraordinary histories.

Burrell's, on the southern tip of the Isle of Dogs, was once the site of Europe's most important shipyard. It was here, in 1858, that Isambard Kingdom Brunel watched the launch of his iron ship, the Great Eastern, which promptly stuck in the mud and part-



The Bow Quarter development in London E3

Alan Harper

blocked the river Thames.

Bow Quarter was once the Bryant & May factory in Farefield Road, E3, where the match girls went on strike in 1888 - a campaign that spurred trade union development of the industrialised East End and the London docks.

At Burrell's, Kentish launched a 300-flat restoration and re-development in June 1988. Four months later, it doubled the stakes at Bow Quarter with a scheme for more than 600 units.

After the collapse, the Halifax Building Society was faced with providing £40m to complete Burrell's while Roger Oldfield, of the accountancy firm Peat Marwick McLintock, was appointed

receiver at Bow Quarter on behalf of a banking consortium led by Security Pacific.

Before the crash, there had been about 80 advance sales at Burrell's with a completion value of £14m. Fifty of these were made in Hong Kong, Richard Spelman, the Halifax's head of marketing, and John Parker, of agent Brian Lack & Co., went there a few weeks ago and managed to get every one of the 50 contracts re-affirmed for completion next spring.

The buyers' deposits lost in the Kentish crash have been written-off, so the sales have been re-affirmed at 15 per cent below the summer 1988 price. That isn't out of line with sales prices achieved nationally, but for an uncom-

pleted Docklands scheme from a failed developer's portfolio, it is a sales success that hardly supports the disaster scenario.

The Halifax's own estate agency is handling sales in Britain; and even if UK-based purchasers prove less enthusiastic than those in Hong Kong about completing, confirmed sales on more than 60 per cent of the first phase - with a number of extra buyers lined up in Hong Kong to take-up British drop-outs - does give the society's salesmen a head start.

At least Burrell's has its riverside site as a sales aid. What price 5.5 acres of red-brick Victorian factory site in the

the £18m of bank money already sunk into the project and revolving credit facilities for a further £7m, is to sell part of the site with planning permission for more than 200 units.

He has already disposed of the nearby Bow old town hall and theatre for £4m, which is more than Kentish paid for them 18 months ago. But he is pressing ahead with the 400-unit re-development of the core of the scheme, the Victorian factory and listed office buildings, and he is also completing the 400-space underground car park plus the leisure and recreation centre that helped to attract buyers in the first place.

So what of the original off-plan purchasers? Without completion money from them, the costs would fast overtake the revolving credit facility. But would anyone want to complete a sale in this market, and in these circumstances Kentish's original sales agent, Alan Selby & Partners, was called in and declared: "We decided not to go for a big sales campaign because Bow Quarter doesn't have any competition from other developments in the area at this price or quality."

Initial deposits lost with the collapse have been allowed against the sale prices. As Oldfield says: "We could have taken a hard line and said that their money was gone." But that, he agrees, would hardly have been the most diplomatic, or constructive, move. As he puts it: "I specialise in insolvency. It is not my aim to cause the collapse of the property market."

Selby's Michael Marks says: "It's going very nicely. People like what they see and I wouldn't anticipate that the actual amount of drop-outs on the units will be much higher than you would normally expect on any pre-sold development: not much more than 10 per cent at the most."

Burrell's and Bow Quarter could hardly be described as roaring success stories. But the events of recent weeks give the lie to the idea that there is no market left to recover. And, at Bow Quarter, Oldfield has even found evidence that the residential speculator spirit is far from dead. "In the past few weeks," he says, "we have had three people who have confirmed on their purchases and who then sold-on at a profit."

"The fall of Kentish has caused plenty of speculation about which developer might be next to face a knock-out in Docklands"



ONE OF THE drawbacks of being such a classic English country village is that the High Street of Broadway, Worcestershire, becomes full in the summer with urbanites peering at this television advert-style dream of the country come to life. Broadway also gets real-life TV crews looking for a slice of "genuine rural England," as seen on chocolate boxes.

They cross lenses with TV advertising crews looking for a ready-made backdrop to any brand wholesome enough to benefit from association with such country images. If being part of that backdrop appeals, it would be hard to find a more impressive section of the High Street view than Pound Close Farm, an eight-bedroom, Grade II-listed Georgian town

house with four acres of gardens on to open fields. Knight Frank & Rutley at Clipping Norton (0608-41914) and at Stratford upon Avon (0789-287735) is looking for offers in the region of £675,000 for the freehold of the farm which, in view of the tourist popularity of the area, is billed as having "scope for conversion to commercial or business use."

Timeshare 'death threats'

DEATH THREATS to Associations, says: "There is so much to be lost in a business where people may be selling a £45,000 apartment for £150,000, and have many apartments to sell... and there are some unsavoury people in the timeshare business." Police are investigating the threats made to Willis. Lewin merely comments that "These threats wouldn't be coming from the timeshare purchasers."

Membership of the two groups now totals around 5,000 owners and prospective owners. The two groups will retain their identity under the new arrangement. Membership of IATO costs £15 a year and gives members advice on a range of timeshare matters, from details of proposed contracts to purchase to negotiations on management charges. "If people would take advice on some of the terrible contracts they are offered it would save an enormous amount of trouble," says Lewin.

However, this service causes considerable annoyance among some of the less reputable timeshare sales organisations and development compa-

nies. "They are sensitive to anything that might affect their image. It can cost them a small fortune if problems are brought to light in their sales and management agreements," says Lewin.

Membership of IPOO costs £30 a year. Foreign property owners and those thinking of buying abroad can take advice from the Organisation's legal staff. "We help buyers to take apart contracts to purchase and help them sort out things that arise when they have a property. A lot of owners are not aware of their obligations to various authorities abroad," Lewin accepts that she will be taking on the role of target for any future threats aimed at stopping this work. "I have thought it through, and I appreciate that it is a problem. I have had a few threats in the past, and it does make you feel a bit ill at first. But you can't let that stop you."

The International Association of Timeshare Owners and the International Property Owners' Association are now both based at the Swan Centre, Fishers Lane, Chiswick, London W4. Tel 01 955-1331.

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DIVERSIONS

The Genius of the Place

Hobby horses ridden hard

APPROXIMATELY a decade ago I was in love with a girl from Guildford. I mention it purely because I plucked from my shelves recently Richard Jefferies' autobiography, The Story of my Heart (1883), and see from the fly-leaf that it was either loaned or given to me by the mother of the girl from Guildford. Did she perceive it as the sort of volume to pass on for the clarification of a muddled young man? Did she foresee that her daughter's favours were only temporarily secured: that sooner or later I should be wandering the Surrey Downs alone, and in need of Jefferies as a solace?

Whatever her reason, I remain glad of the book, even though it is as painful to read now as it ever was. Richard Jefferies, despite serving some years as a reporter on the Wiltshire and Gloucestershire Standard, writes richly around his hobby-horses: and he goes for a good gallop in The Story of my Heart, which describes the growth of his soul in cosmic terms.

It is a courageous enterprise. We have all at some time reclined beneath a clear night and contemplated the cosmos, and tried not to get swallowed-up by the sheer boundlessness of it. What we then feel seems too far beyond us to frame with words: at best, if we attempt to speak, we court a sentence to Pseud's Corner. Yet these are just the sort of difficult feelings that Jefferies tries to record, and he achieves something more than a meaningless weaving of words. His writing is as good as a spiritual writing ever can be. Jefferies was born and raised on a farm, which he christened as Coate Farm. It once stood quietly on the road that leads from Swindon in Wiltshire to Hungerford in Berkshire: now it is hard by an access junction to Swindon, and has some brash new neighbours: a new house, a filling station, a public-house, Coate Water, the natural playground for the young Jefferies and his chums (as recorded in Bevis), has been regulated as a site of public amusement.



Coate Farmhouse, the home of Jefferies

In short, the Jefferies country has become suburbanised. Whatever hempen texture fitted Coate in Jefferies' time has been smoothed out. No hobnail boots, no hilllocks in ham-sized tics, no gibbets, tumps and wibbles, nor sights such as "half a hundred moles nailed to a pigsty wall." A museum of farm implements and processes is among the amenities provided at Coate Water, but it cannot make up for what is lost of Jefferies. Public recreation does not run to trout-ticking.

Yet a part of Jefferies would approve the amelioration of rural conditions. It was in

Nigel Spivey visits the home of Richard Jefferies author of Bevis

arguing for the improvement of the lot of the rural poor that he launched himself as a writer, with his letters to The Times in 1872. These were not about bearing the first cuckoo, but rather were documents (some 4,000 words long) of the squallid lives of farm labourers. His essays may subsequently become outlets for spiritual exercises under a Wiltshire firmament, but they also reveal Jefferies as an enthusiastically sensuous, if not sensual man.

Constitutionally fragile, he lived for the outdoors, so it is not surprising that the Richard Jefferies Museum has little to show. It occupies rooms in Coate Farmhouse that formerly served for ripening cheeses, and storing lumber. When I visited it, I had the sensation of being a rarity. Swindon Corporation established the museum in 1960, and

I doubt if anything in the display has been altered since then.

The most valuable feature of the visit was finding reprints of some of Jefferies' works, done by the Ex Libris press at Bradford-on-Avon. Jefferies is said to be an author's author, but that cannot wholly account for his survival in print. Some of his writing is currently available in paperback - less handsome than the editions displayed at the museum, less handsome than the editions in your grandmother's glass-fronted bookcase, but available - because there is a tradition in which Jefferies stands, a tradition of trenchant writing about the English countryside in which Gilbert White, William Cobbett, Edward Thomas and Henry Williamson also stand.

Its hallmark is the prose of close observation, more or less peppered with polemic, invariably righteous in the right places. Henry Williamson was a former president of the Richard Jefferies Society, which still numbers some 400 voters. I see from its records that the society in 1951 put up a bench in honour of Jefferies on top of Liddington Hill, site of an Iron Age camp and some of his celebrated musings; and that this bench is to be removed as a result of vandalism. No cause for excessive gloom about that: those who read Jefferies properly will know that even in his rural England there were ruffians as well as butterflies.

The Museum at Coate is open Wednesday, Saturday, Sunday, 2 pm - 6 pm. Information about the Richard Jefferies Society may be obtained from the secretary C.F. Wright, 45 Kemerton Walk, Swindon, Wilts. SN2 2EA.

Collecting

The wizard of Piccadilly

YESTERDAY was a jubilee that should not pass unmarked: the 150th anniversary of the birth of English magic, whose establishments, first in Piccadilly and later in Langham Place, were for 60 years an indispensable feature of London's Christmas entertainment.

Paradoxically, John Nevill Maskelyne was stirred to become a professional magician only by his fervour to expose the deceptions of the innumerable charlatans who fed off the mid-Victorian passion for spiritualism. He was 26 and already a skilled amateur conjuror when, in March 1869, two famous American "spiritualists" the Davenport Brothers, performed in his home town of Cheltenham.

The Davenports' act consisted of having themselves firmly tied up and placed in a large cabinet. No sooner was the cabinet closed than musical instruments inside began mysteriously to play or were buried out of apertures in the cabinet. When the cabinet was opened, however, the brothers were still apparently tied as tightly as before.

Maskelyne went up on stage with other volunteers from the audience to testify that no trickery was visible. Instead, he infuriated the performers by announcing to the audience that he had seen through the illusion and, given a month or two to prepare the apparatus, he would duplicate the act.

Assisted by a cabinetmaker friend, George Alfred Cooke, he was as good as his word. The fame of this performance inspired Maskelyne and Cooke to turn professionals. After initial setbacks they acquired a clever young manager, William Morton, and in 1873 took a chance on renting the Egyptian Hall in Piccadilly for three months. They were to stay there for 32 years.

Auhsson carpets, Siamese twins, eskimaux, Ojibbaw Indians, South African bushmen and General Tom Thumb.

Under Maskelyne and Cooke it became "England's Home of Mystery!" In true Victorian style, they aimed to make their entertainment both instructive and entertaining. The novelty of Maskelyne's shows was that the magic was incorporated in humorous playlets and sketches. In "The Original and Sensational Illusion - Decapitation" or "No Care No Pay," Maskelyne played a quack doctor and Cooke a rustic patient who loses his head.

The Davenport cabinet trick was adapted for their most famous and longest-running attraction, "The Mysterious and Miraculous Transformation Sketch," entitled, "Will, The Witch and the Witch."

In this slapstick affair, a

Janet Marsh celebrates the father of English magic

brave sailor (Cooke) was put in the cabinet by a mean watchman (Maskelyne), but rescued by the friendly local witch (Maskelyne again), with the aid of a gorrilla (Cooke) and Joe Killbull, a butcher (Maskelyne).

"They never gave up their pursuit of the charlatans. The new feature for the Christmas of 1889, for example, was "The Bloomsbury Proper Genders of Spiritualism," presented in the glare of a brilliantly-lit stage, and pronounced by the entire London press to be the "most wonderful interesting and amusing sketch ever introduced." Maskelyne was not shy of self-advertisement.

In 1875 he added to the delights of Victorian London a quartet of automata that were to achieve fame. Psycho was an Indian who played a skilful game of cards and did arithmetical calculations; Zoe wrote and drew portraits; Fanfare and Labial performed, respectively, on carinet and euphonium.



A Maskelyne and Devant programme: the pair became fascinated by moving pictures

be concealed inside them," marvelled the Illustrated London News, "and they are placed on glass pedestals which might be supposed to preclude any communication with them by wires, cords or tubes."

Psycho, the star of the group, eventually passed to the London Museum but never yielded up his secrets; his companions may well still survive somewhere in a public or private collection.

The equipment, literature and ephemera of magic has passionate devotees, often among practitioners. The magician Paul Daniels was a prominent buyer when the vast J.B. Findlay collection of magic was sold, for record prices, by Sotheby's a few years ago.

An enthusiastic visitor to the Egyptian Hall in the 1880s subsequently to become one of the first great film artists, Maskelyne and his new partner, David Devant, were themselves fascinated by the new invention. Moving pictures were screened at the Egyptian Hall only a month after the Lumiere brothers gave the first public film show in England; and soon Maskelyne and Cooke were producing their own films.

The Egyptian Hall was demolished in 1905 on the expiry of the lease and moved to St. George's Hall, Langham Place. Maskelyne died in 1917, but the family tradition was carried on by his sons and grandsons.

Maskelyne left Langham Place in 1933, but Jasper Maskelyne was still touring a magic show after the Second World War.

The last Maskelyne died in 1976, ending a century-long dynasty of magicians and one of the longest-running of Victorian London's entertainments.

Planet Earth

A religion for the future

A new project aims to found buildings dedicated to prayer and contemplation

THE DEVENTER Project is concerned with global, but non-uniform, religion for the future. Robin Waterfield outlines the thinking behind the project, of which he is chairman.

ON WEEKENDS when the weather is warm, the British are drawn, as if by some force greater than themselves, to the seaside. Some drive Porsche and BMWs, some 2CVs and clapped-out Minis; some ride bicycles, and others even walk. The question is this: once they are all out of their cars and on the beach or in the sea, how can you tell the Porsche-owners from the pedestrians?

The cars in my analogy represent religions. Religion is a natural human striving (which is why anyone who pretends to reject religion is in fact left with a God-shaped hole). What is being sought is something bigger than oneself. However, as we all know, it is not easy to gain access to a bigger, meaningful existence. The doctrines and practices of a religion provide the means for people to grow into a bigger world. In short, religions are vehicles. Some may take them as ends in themselves (just as some people stay in their cars by the sea), but might there not be further to go, something bigger to dive into? If the members of any two religions meet and talk, but fail to lift themselves over the hurdle of doctrine, they will be easily recognisable. They will be as distinct as a Porsche-driver and a pedestrian. However, if they let go of the vehicle and mingle on the beach of real experience, they will undoubtedly find that their experiences, unclothed, are all but identical.

Now to turn the analogy into philosophy and theology. Philosophically, consider the difference between "oneness" and "unity" (despite the fact that the words are often used interchangeably). "Oneness" implies individuality: every single thing in this universe is one thing, and therefore has oneness. "Unity" implies a gathering together of all things.

Theologically, we may say (after the Christian mystic Meister Eckhart) that God is one, but Godhead is a unity - or the Unity. Every God is one, whether it has had a recognised religion formed around it, or whether it is your or my personal God. There are many Gods, but you cannot count Unity. Unity cannot be conceptualised, imagined, formulated in words or images, because it is greater than the sum of its imaginable parts; it would be a small Divine that could be

intends to establish would all be based on a common architectural design, which is complete on paper. The design is based on numerical laws representing the descent of atoms simply into relative complexity in which simplicity is nevertheless comprehensible. But these principles are implicit: the overall design is such that it is recognisably religious, but does not conform to the architectural idiom of any religion in particular. Essentially, it consists of a cen-

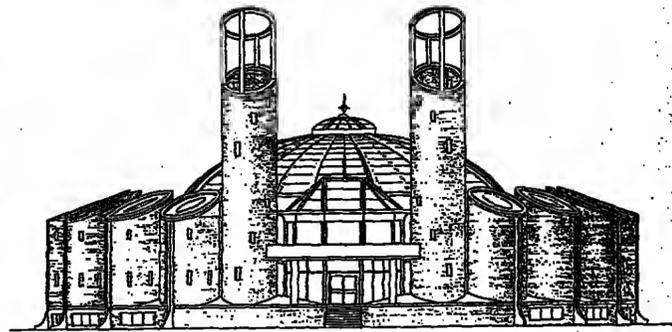
most famous early member was the German monk Thomas à Kempis - is little known in this country, though better known in Europe. Its concern was to make knowledge available on a wide scale, chiefly through establishing both lay and clerical schools and colleges throughout Europe. While acknowledging the precedent, the Deventer Project recognises that the wide scale today is a global scale.

The Deventer Project holds, then, that it is the same Divine (none at all) to worship? The first suggests an interfaith crusade; the second contradicts such integration.

But if the "one Divine" is understood as "Unity", then the Deventer Project's aims come into focus. The reason for building such buildings is not just to provide a common home for all the different religions, nor just to cater for the huge numbers who are "religious but homeless." The reason is to create an environment in which Unity can be glimpsed - no more is possible. But it cannot be glimpsed by thinking or by vague feeling; and it cannot be glimpsed by "dialogue" - that is, by different sects or religions, because such dialogue is a meeting of things which are recognised as different - ie as onenesses. It is worth noting in passing that it is always the concern of onenesses of any kind to preserve their integrity - even at the expense of making war on other onenesses.

Unity can perhaps be glimpsed or acknowledged within a building (or an attitude) which encompasses all spiritual striving, whether or not they conform to a religion, and practically recognises them all as equal, while allowing differences to flourish. Unity encompasses them all and is not affected in the slightest. A humble parallel is that a Deventer Hall encompasses them all and still retains its own architectural nature.

The project is attempting to gain charitable status - which is quite difficult under British law, which seems (for perfectly understandable reasons) to require from a religious charity specific doctrines and/or specific forms of worship. This is plainly the opposite of what the project intends. It is not trying to convert anyone; its sole aim is to state clearly: he is testing the water; there may be many people who share the same conviction. If you care to, please write to: The Chairmen, Deventer Project, 2 Gendar Mansions, Gendar Gardens, Mill Lane, London NW6 1JN.



Deventer Hall by Byron Zelloffs

grasped by the human mind. Unity cannot even be approached, because that implies separation between you and it. It can only be acknowledged.

The aim of the Deventer Project is simple. It is to build buildings dedicated to the practice and development of prayer, meditation and contemplation - in short, of any form of non-accidental access to the Divine. The buildings would be altogether non-denominational and would be open to anyone who wishes to perform or learn such practices, in private or with others, in silence or not, and whether or not these practices fall under those of an established religion.

trial domed hall surrounded by a corridor off which are cells, so that the building as a whole allows for both private and group practice of prayer, meditation or contemplation. The building has an entrance hall designed to strike a note of order and freedom; and twin elliptical towers soar from the rear of the building. The basic pattern of central hall and surrounding cells could be built out of marble on a grand scale in a Western environment, or out of mud in an African village, and it would still conform to the same principles.

The Deventer Project is named after the original home of the 14th century Brothers and Sisters of the Common Life. This movement - its

A glut on the landscape

THERE'S AN ominous whisper in the shooting set this season. Everybody's heard it: few admit to it. Pheasants are going underground.

For the past few years there has been a glut of pheasants, but this year it has reached such a scale that estates cannot get rid of them all. At the end of a day's shoot the pheasants - dozens of them - are being thrown into freezers for next season's shoppers - or surreptitiously buried.

Sportsmen do not like to talk about the fact, but it is widely known in shooting circles that game is being interred because it cannot be sold, partly because of competition from Communist imports. Burials are reported particularly in Kent and other parts of the south.

This would be a red-tag to the anti-blood sports brigade if it were widely known. It also creates a delicate problem for the British Field Sports Society as it throws the ethics of shooting into question.

Shooting, unlike foxhunting, has avoided the more vitriolic contempt of anti-blood sports demonstrators. This is because if bloodsports have any moral justification, shooting-to-kill-test, it could be argued, is one of them.

If, however, the birds are buried or stored for months, the argument crumbles, leaving an image of blood-lusting guns thirstily sweeping the countryside to satisfy the instinct to kill. Why not simply vent one's aggression on clay? This is an issue that the British Field Sports Society will clearly prefer to avoid.

The BFSS says that it has, so far, not come across any instances of birds being buried, adding that if it is going on "it would be deplorable." Charles Nodder, information director of the Game Conservancy Association, acknowledges, however, that birds are being frozen. He says: "In some cases the surplus pheasants is caused by game dealers already having a few thousand birds frozen from last year."

But Nodder is mainly worried by the effect the falling pheasant prices will have on the upkeep of estates, which on average obtain a seventh of their income from the sale of game.

So what has caused this glut?

First, it has been a good breeding season. There are always losses because of bad weather in the short October-to-January season, but this year the conditions have been good.

More significantly, there has been a heavy reduction in the number of birds exported to Europe. As Mark Leathan, of Leathams Larder, London's leading game dealer, supplying Harrods, the Ritz, Selfridges and the Savoy) explains: "Britain used to be the chief exporter of pheasants, but since last year the market has been saturated by an influx of pheasants from the Eastern Bloc and farmed birds from China, where game has become big currency." Stricter health regulations from the EC are also threatening to limit the supply from Britain.

This has hit the big commercial estates badly since they are used to exporting 60 to 70 per cent of their produce each year. Unable to find buyers at home to take on the surplus (consumer demand for pheasant has remained static over the last ten years), they have no alternative but to find some other way of getting rid of the birds, like burying or freezing them.

Finally, shooting has become a more popular sport. Ian Woodhouse of T.S.J. Woodhouse game wholesalers - and also a keen shot - explains this as a desire to escape to the country. He also says that "shooting is an instinct in us all." This would presumably account for the growing pop-



Shooting has become a "fave" sport among brokers. It's a good way of entertaining (mainly male) clients. On a sporting day a company will pay a farmer an average of £13 to £16 per pheasant shot. During one shoot in Kent this year with 12 guns and six drives 1,000 birds were shot. The first drive was described as one where you couldn't miss - "it was like a cloud of pheasants above." It takes no great mathematician to work out the estate's profits at the end of the day.

The effect of the glut has been a sharp drop in pheasant prices: but only on the wholesale side, which has caused confusion in the market. Harrods, for instance, still charges £5.50 for a pheasant - the same price as last year. Yet, direct from the estates, dealers can buy pheasants for as little as 70p a brace, less than half last year's price.

The field sports society blames the "middlemen" for this discrepancy and urge retailers to lower their prices to help bring the pheasant to the consumers' attention.

There remains the problem, though, of whether the general public will want to buy the birds - even at a reduced price. Game is viewed with suspicion by the notoriously conservative British housewife. Many do not like the idea of eating a bird that has been shot. Tantalising as a decorative winter issue of a country magazine, a bird hanging at a butcher's, eyes glazed and waiting to be de-gutted, is a different matter.

Leathan, however, contends that, if properly marketed, pheasant sales would increase dramatically. Advertise the birds as value for money, flavoured, organic and with a low cholesterol level; "oven-ready" them and package them prettily and they might well capture the British culinary imagination.

Melanie Cable-Alexander

Simply secular

YOU DON'T have to be Christian to celebrate Christmas. People whose religious commitment extends no further than writing "O of B" on money official forms can still relish a few verses of Once in Royal David's City.

Practising or not, though, Britain is still nominally a Christian country and its festivals - particularly Christmas - are absorbed into the social as well as the religious calendar.

There are just as many "holiday" Jews as there are "holiday" Christians, never appearing in the synagogue except for weddings, funerals and festivals. But even those of us who are only in it for the lockstep soup and the latkes become aware of our identity as a minority religion as soon as the lights go on in Oxford Street.

Neglecting our own observances doesn't mean we're all that comfortable about embracing other people's. So what does a British Jew do about Christmas?

Ignore it? You can try, but unless you cut yourself off from the media, do no shopping from about October 1 to the end of the year, and stop going to the hairdresser ("What are you doing for Christmas?" seems to take over in mid-September from "Had your hair done yet?"), you'll be hard-pressed to remain even in official ignorance.

And, anyway, why should we ignore it? Christians did, after all, preach the mid-winter celebration from the pagans and these seasons no reason why Jews shouldn't enjoy a little secular merry-making to carry them through the winter.

My parents were married on Christmas Day (my father's two aunts ran a pub in London's Charlotte Street, and December 25 was the only day it was closed). So, my clan always had a perfect excuse to celebrate along with the rest of the nation. And an economical turkey seemed a most sensible option to my mother when there were up to 17 people for dinner.

There were no Christmas presents. The traditional gift of money - Chanukah gelt - was given but most of it, as I remember, was appropriated immediately from us children, put into little blue and white tins and sent off in our names to plant trees in Israel.

I don't remember feeling particularly deprived at the time. I rather liked the idea of a cypress called Marilyn. But families today are under much greater pressure from media advertising and the endless carolling in the High Street. The emphasis on Christmas being a time for children has placed non-observant Jewish

parents in an "invidious" position. Either they expose their children to inevitable discomfort among their peers or they succumb to the same buying round as the rest of the nominally Christian nation.

"Unless one is ultra-orthodox, I don't see how Jewish people can fail to become involved," says Barbara, whose son and daughter are among only a dozen or so Jewish children at their local school. "Of course my kids want presents. All their friends get them and it would be a little strange if we were the only ones left out. But Chanukah is a time for giving, too, so we combine the festivals."

For Andrea, a working mother of three, Christmas is a welcome opportunity to get together with the rest of the family. "It's a public holiday, a chance to see busy people which we can't often manage. And, of course, I make a special meal - that's basic Jewish hospitality!"

Nathalie's family also exchanges presents. "It's an opportunity to focus our appreciation of our friends and relatives, and all they mean to us, during the year. We give presents in accordance with the custom, to say thank you. Are they Christmas presents or Chanukah presents? It depends how old you are," laughs Nathalie. "The children say both."

In common with many parents, though, Nathalie is concerned about "what she describes as the 'buy-me syndrome': the never-ending demands of children whose wants are fuelled daily by television advertising. 'It's giving that's important, too,' she says.

Andrea agrees: "It's hard to get that across to a child, and I do sometimes feel compromised by all the Christmas pressure." Nevertheless, she welcomes Christmas. "It's a reviving holiday, whatever faith we belong to. And the true message of Christmas is peace to mankind. That should be universal."

Marilyn Bentley

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REFLECTIONS

... to go through the eye of a needle

Has the church come to terms with the Thatcher decade? Christian Tyler reports on the theology of wealth creation

IT WAS AN unusual event, and one that seemed appropriate to the last Christmas of the Thatcher decade in Britain. Under the hammer of the roof of a theological library in the City of London, the Chief Rabbi was instructing an audience of Anglican clergy and faithful. "We have always regarded wealth as a blessing," he said, "not something to apologise for."

For a Church in decline in a world where wealth creators have governmental blessing, the answer to that question is more than academic. Clergy-men have been busy learning the largest of flexible manufacturing, of fiscal drag and the leveraged buy-out, in order not to appear helplessly naive during their missionary forays into the temples of Mammon. Christian businessmen, meanwhile, have been demanding to know why it is that the Church never seems to have an approving word for them. And that is why the Chief Rabbi found himself invited to the Sion College library last week as one of the speakers on the theology of wealth creation.

wealth, ill-adapted as it might be to modern capitalist countries. The amount of religious tithes, zakat, is defined in percentage terms. If that is not enough, the sufferings of the poor must be alleviated by alms-giving and further state taxes. The modern view, said Dr Zaki Badawi, principal of the Moslem College in London, has a more socialist tinge: that wealth should be considered a social not a private good, and that the state should limit the assets of the rich whether there is poverty or not. The profits of monopoly and of gambling are forbidden by Shari'ah law, but the ban on usury has been circumvented by a system of dividends or rents, applied fairly or not.



Industry's reputation, puts it this way: "The churches have always celebrated the harvest. It is closing a big financial deal any different from a good harvest? Why is it that healing is seen as fundamentally good whereas producing is not? The Christian challenge is what you do with the money, whether you are a doctor or a bond salesman."

THE CHURCH of England will be asked to elect a new Christ-mas Eve is its most popular date, when those who ignore the institution for most of the year turn up for candlelight and carols. The Church, dignified as ever, will accept this annual show of affection with good grace. It, too, is happy to rest beside the weary road. And it has been a weary year indeed for ecclesiastical decision-makers.

For example, there is the obsession with women. The US already has a woman bishop, New Zealand is about to get one, even Ireland has said "yes" to women priests, and yet in England the church is still humming and hawing and has barely begun to take a final vote. Then there is the question of divorced clergy and remarriage, and the place of homosexuals in the church. All strength-sapping stuff. Meanwhile, the number of church-goers continues to decline, and the number (and some say the quality) of ordinations diminishes.

Who's for Canterbury? Linda Christmas on an impending battle between bishops

chairman to the committee, last time it was Sir Richard O'Brien, formerly of the Manpower Services Commission. The Bishops have two nominees to the committee, the clergy three and the laity three (chosen by their peers from the General Synod).

A saint for all seasons Gerald Cadogan on why Santa Claus is popular all year



The Most Revd. and Rt. Hon. Dr John Habgood, 62, Archbishop of York. The Rt. Rev. Mark Senter, 53, Bishop of Birmingham. The Rt. Revd. David Sheppard, 60, Bishop of Liverpool. The Rt. Revd. Richard Holloway, 56, Bishop of Edinburgh. The Rt. Revd. John Taylor, 60, Bishop of St Albans. The Rt. Revd. Robert (Robin) Eames, 52, Archbishop of Armagh. The Rt. Revd. Richard Harris, 53, Bishop of Oxford. The Rt. Revd. John Wainwright, 59, Bishop of Chelmsford. The Rt. Revd. Michael Adie, 60, Bishop of Guildford. The Rt. Revd. Colin James, 63, Bishop of Winchester.

FOOD & WINE



Passing the Christmas taste test

Jancis Robinson looks at the options for those who still need to buy their wine supplies

IF YOU STILL need to stock up on wine for Christmas, then presumably you want only such advice as will allow you to make a quick single raid on the nearest supermarket or retail chain. All of these wines - a white, a red and then (in most cases) a sweet white and/or aperitif - pass the Christmas test of being delicious but not too anything (acid, tannic, alcoholic, sweet...).

With supermarkets (especially Tesco), the larger the store the higher the chance of finding these more *outré* bottles, all of which have been chosen with label aesthetics as well as wine flavour in mind. In this guide, **** means real quality down to *, a simple wine at a decent price.

SAINSBURY

Il Marzocco 1987, Avignonesi £8.45 ****. A rich Italian riposte to white burgundy that has needed the past few months to shed its youthful oakiness. A glorious Chardonnay to drink this Christmas that roars just like the lion on the label. Don't overfill it; traditionalists will take it for a great Meursault.

San Lorenzo rosso Conero 1985, Umami Roschi £4.25 ***. A perfect pleasant light red with some bite and lots of ripe fruit but no uncomfortable tannin (an unhappy guest at the Christmas table, in my experience).

Obereimeller Agritiusberg (Riesling) Spatlese 1983, von Kesselstatt £4.95 ****. Lovely mature Riesling flavours with sourly refreshing light structure and great

steeliness plus a little honey to keep everyone sweet. Great for Christmas morning or as an early evening palate-sharpener.

TESCO

Good champagne range. Chateau Conte Jurancon Sec 1987 £2.69 ***. Those Manseng grapes (see Oddbins) sure know a thing or two about injecting flavour, except that this time it's a dry wine but with bags of character and refreshing cleanliness. Only the biggest stores stock it.

Orfeno Rosso dell'Uccellina 1988 £3.99 ****. An organic Italian red from the Maremma that is light, charmingly fruity and easy to appreciate in a bitter cherry sort of way. Not for keeping. Serve cooler than most reds.

La Magdeleine Cepage Terret 1988 £2.49 ***. Exceptionally well-made house dry white with perfume and substance. This is a bumble southern French *vin de pays* made from an obscure and under-estimated (by me) Chateaufort grape. It suggests Alsace and at least another £1 on the price.

MARKS & SPENCER

Chablis Premier Cru Beauvoir 1986, La Chablisienne £9.99 ****. M & S have cultivated good contacts and, therefore, good cuvées from this large, quality-conscious Chablis co-operative. This example is delightfully pure and has a clean tartness that should revive the most jaded palate. Its

Chablis Fourchaume 1986 is the same price and tastes slightly broader, thanks to a stint in oak. They make a fine contrast of the two prevailing philosophies in Chablis. Brunello di Montalcino Riserva 1980, Val di Suga £9.99 ****. Fine substantial red that is ready to drink (hooray!). Very fruity, with slight bitterness to keep it in shape and a resonantly long flavour. Beaujolais Blanc 1987, Cave Coop de Chaintre £3.99 ****. Top-quality house white with all the fatness and tropical aromas of a good St Veran or exclaiming Macon Blanc. Big enough to drink with food; not so lean that it would make an uncharitable white to serve through a drinks party.

MORRISONS

Chateau de Tracy Pouilly Blanc Fume 1988 £7.39 ****. Puts most Sancerres to shame. Bourgogne Pinot Noir 1985, Faiveley £5.79 ***. An excellent producer and vintage (although grander appellations are in surly middle age at the moment). Drink up this simpler wine meanwhile.

WAITROSE

Il Marzocco 1987 £8.45 ****. (see Sainsbury). Puligny-Montrachet Premier Cru Clos de la Mouchere 1987, Boillot £16.50 ****. A no-compromise savoury, meaty white burgundy from a serious producer in which there is no fault except that it seems a little muted next to the Italian pretender

at half the price. Vonnay-Chevrets Premier Cru 1986, Boillot £12 ****. What a charming wine! Young essence of fruity red burgundy with some vegetable, some violet notes and a delicate structure. The antithesis of "old-fashioned burgundy" and all the better for it. A treat for any turkey. Moulon-Touchais Anjou 1979 £5.95 ****. Gloriously youthful, lightly honeyed white from the magical middle Loire. This wine will keep for decades but, for the moment, should delight even the staunchest I-don't-like-sweet-wine. Ludicrously cheap for a 10-year-old. Another anytime wine.

ODDBINS

Freinsheimer Goldberg Riesling Kabinett Trocken 1987, Lingenfelder £4.09 ****. Classically refreshing dry white with all the fruit acidity that Germany can provide from a rare cosmopolitan among producers. Bourgogne Pinot Noir 1986, St Jean £4.99 ****. Very pretty, true Pinot Noir flavours of the light red burgundy archetype that is so suitable for drinking with birds and their sweetish accoutrements. This delicately fruity wine accurately comes from the respected Domaine parent of Pomard who don't see themselves as purveyors of wines under £5.

Jurancon Moelex 1988, Domaine Bellegarde £4.59 ****. The gorgeous sweet whites of deepest south-west France with their clean perfume, gum-like texture and appetising acid level provide the Christmas answer to the sweet wine problem.

Light years from sticky but with real interest. This wine will keep for next year, too, and could be drunk happily before and after meals.

(Another wine in the same style with a fresher, silder flavour is the Flémont Co-operative's Pacherenc du Vic-Bilh 1987 ****, which Buckingham's (now Nicolas) stores around London sell for £4.35.)

MAJESTIC

Caliterra Sauvignon Blanc 1988, Errazuriz Panquihue £3.99 ****. Startlingly fresh and zippy Chilean aromatic dry white - but with a bit of California weight to save it from vapidity thanks to a wine-maker drafted in from the Napa Valley.

Caliterra Cabernet Sauvignon 1986, Errazuriz Panquihue £3.99 ****. Another functional rather than beautiful label, but the wine is definitely above the Chilean norm of interest and structure and managed to persuade this palate of some heady new oak flavours.

Campbell's Rutherglen Liqueur Muscat £3.99 ****. Extraordinary dark, rich grape essence. Serve by the thimbleful and the bottle will still be emptied sooner than you'd credit.

BOTTOMS UP

Ingenhook Chardonnay 1988 £3.99 ****. Rich in California sunshine but still appetisingly well balanced. A white wine for red wine drinkers. Jean Leon Cabernet Sauvignon 1983

£8.99 ****. One of northern Spain's more familiar tastes. A good price for such a seriously made, concentrated red.

VICTORIA WINE

Cafayate Torrontes 1988, Ehrhart £3.29 ***. Pretty, greatly-scented white from all places, Argentina.

Castel Chatalet Cabernet 1988 £3.99 ****. A light red and equally interesting result of the same fancy in South America, this time an oddily-pale, low-tannin, high-alcohol Cabernet. Don't let the 80% of the slightly *spicy* price as it goes direct to the Rain Forest Foundation.

BACK OF BEYOND

And a final piece of advice for those spending Christmas in a remote cottage far from the reach of our energetic corporate wine buyers: With the 1988 vintage, Mouton Cadet Blanc has improved out of all recognition. The red has always been a trust-worthy (if robustly-priced and heavily-blended) claret. The white used to be fussed over and sulphurous. Now, it reflects proudly the dramatic improvements in white wine-making current in Bordeaux.

It has a broad, freshly-fruity, Semillon-dominated aroma and an attractive weight of fruit that finishes appetisingly dry on the palate. Chains such as Oddbins, Sainsbury and Tesco sell it at just under £4, which means that a village grocer probably has to ask a fiver for it.

A TREAT FOR foodies. In *Matters of Taste - Elizabeth David* (C4, Boxing Night, 8-9 pm), Britain's most influential food writer (pictured) breaks a life-long silence (under pressure from *Financial Times* contributors Nicholas Lander and Jancis Robinson, the programme's producers). The UK's first generation of middle-class cooks was impelled into the kitchen by such volumes as *A Book of Mediterranean Food* and (her favourite) *Italian Food*, written late in the 1940s and early 1950s when the nation remained in the grip of food rationing.

Such is their literary worth and technical rigour that they continue to sell healthily even though the public generally knows little about the author. David continues to write - her last and perhaps most revealing book, *An Omelette and a Glass of Wine*, was published in 1984 - but has never before given a formal interview.

This is partly because she dislikes personal publicity but also because she believes she expresses herself best in print and has nothing to add to a subject once she has written about it.

The programme contains rare insights into her youth, her travels, and the literary world of the 1950s and 1960s.

Elizabeth David fans, of whom many - including Jane Grigson, Sir Terence Conran, Marguerite Patten, Hilary Spurling, Simon Hopkins and Geoffrey Wheatcroft - pay tribute on the programme, doubtless will hang on her every word.



Elizabeth David pictured in 1944 by "Hassia"

CHRISTMAS EVE dinner for me is like madeleines for Marcel Proust. The associations are so strong and reach so far that it is more than just a meal. The dinner I'm thinking of is the traditional Sicilian Christmas Eve, a seafood extravaganza devised in response to the old Roman Catholic calendar when Christmas Eve was a day of abstinence (no meat). With typically Mediterranean logic it was reasoned that a meat-less meal does not preclude a feast capable of drawing family and friends from near and far.

A Sicilian Christmas Eve dinner requires a lusty appetite - squid, octopus, conch, clams, lobster and baccala (salted cod) are not for timid palates - as well as staying power at the table. Dinner usually begins at a Continental hour somewhere between 8 and 9 pm with a seafood pasta, and will finish with coffee and dessert just before midnight in time to open presents.

I was not born to this tradition but came to it when my mother re-married. Nostalgia aside, my Sicilian grandmother was an excellent cook who learnt her way around a kitchen from her father-in-law, a restaurateur from Palermo. She turned out wonderful meals throughout the year, but Christmas Eve was her special pride and experiencing it first as an adolescent left an indelible impression. It is no exaggeration to say that my grandmother's Christmas Eve awoke in me a life-long appreciation of the pleasures of eating well. We were never a family of antipasto eaters, so our Christ-

Seafood Sicilian style
George Dorgan remembers Christmas Eves past

mas Eve would begin with pasta. It might be a marinara sauce with either lobster claws and carcas, or with squid, which makes a very sweet tomato sauce. If the rest of the meal was to be very rich, it would be linguine with white clam sauce. We usually had clam sauce made with a generous hand for the garlic, hot pepper and parsley. The preferred variety in Italy is the *romolo verace*, but any type of baby clam will do.

After the pasta course, the table would begin to groan under the weight of seafood dishes: lobster tails grilled with a bit of olive oil and garlic (for the non-seafood eaters); baked clams, the meat separated from the shells, filled with bread-crumbs, parsley and garlic and drizzled with olive oil; jumbo butterflied prawns, which my grandmother did with a variation of the stuffing for clams; and baccala, soaked for two days in many changes of water (with a final soaking in milk), dredged in flour and fried, then baked slowly with a sauce of tomato, onion, garlic and black olives.



The baccala also appeared as a white stew with potatoes, onions, carrots and white wine. And always there was a huge bowl of seafood salad: squid, octopus, conch and celery dressed with generous amounts of olive oil and lemon juice, with garlic, red and

black pepper spiking it up. This is a salad I would gladly eat at any time of the year, but Christmas Eve without it would be a very poor way to begin the holiday.

ALICE MACALUSO'S BUTTERFLY PRAWNS

Ingredients: Two dozen jumbo prawns (about 1 1/2 pounds); eight or freshly grated, un-flavoured breadcrumbs; three cloves garlic, minced fine with salt; four oz grated Parmesan cheese; two tablespoons finely-chopped parsley, preferably, the flat Italian variety; juice of

one lemon; three tablespoons olive oil; one 400-gramme tin peeled Italian plum tomatoes; three or dry white vermouth or white wine; salt and freshly-ground pepper to taste.

Method: Peel, de-vein and butterfly the prawns, leaving the tail shell intact. Mix the breadcrumb mixture, along with two tablespoons of olive oil and salt and pepper as needed. Pre-heat the oven to 350°F. Use the remaining

tablespoon of olive oil to coat a baking dish large enough to hold the prawns in one layer. Press as much crumb mixture as possible onto each prawn and place in the dish, sprinkling liberally with the dry vermouth. Bake 10-12 minutes, checking to make sure they don't dry out. Serves four.

FRUTTA DI MARE
(a cold seafood salad)
Ingredients: One lb squid; one small octopus; four conch (scungilli); four stalks celery, sliced; juice of three lemons; three whole cloves garlic; six or eight or olive oil; half bunch chopped parsley; pepper flakes to taste; preferably with the dried red chilli.
Method: To clean the squid, remove the tentacles gently and the other bits that come along with them; save the tentacles. Reach inside the tube and remove the quill, the clear, plastic-like spine; peel away the skin and slice to rings. Cut off the tentacles from the octopus and slice.

Try to buy conch that are shelled and cooked already; but if you have to buy the whole lot for about 90 minutes, prise them out of their shells, rinse and scrub thoroughly. Slice very thinly. Cook the squid and octopus separately in boiling water for 10 minutes and let stand until the water is cool. Mix all the seafood into a bowl with the olive oil, lemon juice and chopped parsley and celery. Score the cloves of garlic with the point of a knife and add-in along with the red pepper flakes. Allow to stand three-four hours at room temperature, or 24 hours in the refrigerator.

NO SOONER has the wishbone been wised-on and the Christmas cake cut than the sales begin. Those who suffer from withdrawal symptoms after the bustle and bustle of Christmas shopping will get out there quickly, happy to re-join the jostling crowds. They will fight over, bargain for and buy just about anything. Except food.

From tonight until nearly the New Year, the aisles of many supermarkets and greengrocers will lie silent. The wholesale markets close for Christmas, of course, and according to Food from Britain, an organisation sponsored by the government, the industry will probably not be until December 28 or 29 that fresh stuff will be arriving. Furthermore, some of the produce on sale could well have been hanging around in the shops since pre-Christmas.

Given this warning, and a reluctance to go anywhere near any shop for quite some while, I am stocking up now with enough fresh vegetables to see me through the siege - i.e., until next Saturday.

This calls for some thought and planning. As the same Christmas bird and other cold meats are liable to make repeated appearances at table on several successive days, the vegetables to partner them, and the ways in which they are cooked and presented, should be agreeably varied.

It is, though, pointless to fill the house with vegetables that are liable to curl up and die before you get round to eating them. So, it is crucial to select a fair quantity of stout-hearted vegetables and to plan menus so that you eat the most perishable things first and move gradually on to the sturdier items.

The life span of corn salad, for example (also called mache and lamb's lettuce), is so butterfly-ephemeral that it really must be eaten before the weekend is out. On the other hand, a close-cropped box of mustard and cress, sold complete with its own little garden, will live well into next week if popped into an unsealed polythene bag and boarded away in the salad compartment of the fridge. More flexible still are home-sprouted seeds and beans, produc-

Cookery
Flexible ways to vary those vegetables

Philippa Davenport provides some seasonal advice on surviving the Christmas siege

tion of which can be timed so that they reach their harvesting peak precisely when you want to eat them.

Relatively delicate vegetables such as water-cress, spinach, broccoli, suberzines, courgettes, mushrooms, mangetout, sea kale and Kenyan beans are best slotted into menus fairly early during the holiday, particularly spinach - even tough spinach beet, which wilts depressingly quickly. However, with later eating in mind, I find it prudent to stash a packet or two of frozen whole leaf spinach into the freezer - invaluable for whipping up with stock, cream, nutmeg and Parmesan into an almost instant and wonderfully warming soup.

Aubergines seem to keep longer and take up less storage space when cooked rather than fresh, so I shall make some aubergine caviare today. Similarly, cap and hinton mushrooms will benefit if made up into a salad now, given the *a la grecque* treatment or tossed in an oil and lemon dressing aromatised with toasted coriander and bay. Courgettes and leeks are also delicious and reasonably good keepers when prepared in these ways.

As the Christmas holiday stretches beyond Boxing Day, I shall rely on hardier vegetables. First, the tightly-packed leafy stems of blanched vegetables (e.g., leeks, Witloof chicory and celery). All three are lovely braised and the last two are valuable in salads. Both celery and finely-shredded leeks make excellent and admirably speedy stir-fries, while leeks make one of the best of all vegetable purées when simply boiled (processed with the cooking water that clings to them) with generous pats of butter and a good grating of nut-



meg. Then, as the week progresses I shall turn to brassicas, roots, tubers and chestnuts, keeping store cupboard pulses in reserve.

Even within the brassica category there is a preferred order of eating, of course. Red and white cabbages - so solid that you need a karate chop to cut them open - will remain in fine, firm and crisp fettle long after January King, Savoy and Drum-

head cabbages and brussels sprouts all look limp and jaded.

We will have devoured our green brassicas by Holy Innocents Day at latest. The brussels sprouts may have been fluffed up into a creamy purée, or chopped and mixed with mashed potato and a shake of toasted sesame seeds to make variations on bubble and squeak and potato cakes. Green cabbage might have been cut into

wedges, steamed and lavished with a rich sauce such as hollandaise, mornay or mild mustard cream. Alternatively, the cabbage could have been shredded and layered in a buttery dish with minced pork seasoned with ginger and garlic (or thyme and sage for English tastes), moistened with stock and cooked until meltingly tender. Also very comforting - providing someone helps with the shelling - is a dish of chestnuts and bacon wrapped in cabbage leaf parcels and braised.

Red cabbage is one of my favourite mid-winter vegetables. It makes a distinguished salad when shredded finely, combined with plenty of lyches or grapes, and dressed with soured cream thinned and scented with orange juice and juniper. Red cabbage can be steam-fried with apple quite rapidly, or left to cook in a low oven for two-three hours seasoned lightly with carrot sugar and raspberry vinegar. Stir in a nugget of butter for a glossy finish and serve with furred or feathered game, goose, poultry, gammon or pork.

Chinese leeks also keep remarkably well and are very useful for salads, particularly when teamed with mop-head frizzy endive, avocado pears and hazel-nuts. But roots and tubers such as celeriac, Jerusalem artichokes, parsnips, carrots, potatoes, kohlrabi and beetroot (I mean raw beetroot, not pre-cooked and soured in vinegar), are the stars of the keep-fresh vegetable world. At first glance, they may seem worthy and dull, the mainstay "padding" of thrifty stews, but many respond well to richer treatments.

Parsnips, artichokes and celeriac are a revelation when baked with meat drippings and roasted, or whizzed to a purée

with butter and spices. Celeriac is particularly good when cubed and sautéed lightly in butter along with chunks of dessert apple and halved walnuts - a most agreeable change from the ubiquitous sprouts with roast turkey, and memorable with pheasant. Artichokes make a marvellous gratin, cooked with stock and milk and finished with a little cheese, perhaps. They can also be fried like chips, as can parsnips.

Beets are a fine choice for salads, so quick to grate and so admirably crunchy. Grated artichoke - mother-of-pearl white and tossed in vinaigrette with plenty of parsley and a handful of prawns - look as good as they taste. Grated celeriac and apple are good simply garnished with peppery water-cress, or they can be folded into a mixture of mayonnaise, yogurt, jellied stock and whisked egg white to make a lovely moussé.

Another popular salad in this house is celeriac *a la faon*, which consists simply of small, colourful piles of grated raw vegetables - carrot, artichoke or celeriac, beetroot, apple, and pile of chopped fresh parsley and chives, with a bowl of tartar sauce, hummus or avocado purée for dipping.

Grated carrot salads do not have a glamorous image because of the obligatory pesto-and-randis treatment that minimalist vegetarians and wholefood snack bars insist on giving them; but dress them with finely-chopped green ginger, plus the juice and zest of an orange, and carrots take on a fresh zing.

Also excellent is a salad of carrots sliced thinly or cut into matchsticks, cooked with a chopped onion that has been softened in good olive oil. Add a splash of nearly-hot vinegar and enough water to come nearly to the top of the carrots, cover and off the liquid. Season with heated and crushed cumin seed plus a little salt, pepper and an extra spoonful of olive oil. Parsnips should be slightly crunchy and the taste both piquant and mellow. Served warm or cold, this goes particularly well with poultry and gammon.

BOOKS

A story of shock and drama, Jung and dance

Rachel Billington looks at an author's quest for the meaning of life

THERE ARE two approaches to writing an autobiography. The most usual is the "exterior" method in which the steps of the ladder to worldly fame are recounted with a touch of early memories and a good landing of "famous names I have known."

Politicians, those most worldly of people, go to the furthest point in this direction. The other, more profound approach, takes its structure from the "inner" development of the author. Often it is described as a memoir, as if to apologise for the lack of newsworthy information.

Ingeat Giffard's memoir is strikingly "inner," fulfilling the theory that any book worth reading addresses itself to the lonely problem of the meaning of life. After the Second World War she became a disciple and friend of Jung. This coincided with her long-delayed union with Laurens van der Post, and they were married in 1949.

From that time onwards, having found form meaning to her life, she devoted her time to others as wife, friend, editor and/or analyst. The majority of the book, however, describes her growing up, her first marriage, and her cataclysmic meeting with Laurens van der Post.

Luckily, a questioning nature does not mean a pedantic or dull one. On the contrary, Ingeat Giffard's story is filled with shock and drama. Her first and most important relationship was with her mother, whose mind was brutally assaulted (body, too) through the Victorian values of her family (she was one of 16 children), which led her as a girl of 17, completely ignorant in matters of sex, to be married to a man many years older.

The book is dedicated to her memory.

THE WAY THINGS HAPPEN

by Ingeat Giffard

Chatto & Windus £16.95, 234 pages

A MANTIS CAROL

by Laurens van der Post

Chatto & Windus £12.95, 168 pages

and it was in trying to help her pacify her demons that her daughter first learned how to understand and be strong. Most unbaptly, when Mrs Giffard was widowed, she became involved with her husband's brother-in-law, a country vicar and sexual tyrant who attempted to rape not only the young Ingeat but also her brother. At the moment of Uncle Bernard's assault, Ingeat was given strength by hearing a voice telling her: "This is man: it has nothing whatsoever to do with God."

When her mother married "Major John," her dancing partner in a Brighton hotel *the Gamsant*, the 17-year-old Ingeat found herself removed to India for four years of close proximity to the Raj. Dancing in the Almadanagar Club became her main source of joy and dancing continued to be important throughout her life. Dancing, she became engaged and disengaged and fell in and out of love, and took up (unknowingly) with a "cad" - though saved (as rather often in this book) from a fate worse than death by chance, which wasn't exactly chance.

Return to London produces rather more exterior life with enrolment at the RADA, a novel published and a play successfully produced in the West End. Obviously more important to her is the



Ingeat Giffard: cataclysmic meeting with Laurens van der Post

meeting with many friends, including her first husband, Jimmy Young, who was then working in the Sudan.

By the time war started, her loving concern had spread from her mother and her husband to Laurens van der Post. Her experience was dominated by his disappearance for three years - presumed dead for a year. Yet, just as her enduring memory from her Indian years remains of the other loyalty and selflessness of the family's bearer, so the war gave her the lesson of the chimney-sweep who was a hero during the Blitz but drank himself to death in peace-time because nothing more was wanted of him.

With excellent good sense, the publishers have released a novella by Laurens van der Post along with his wife's memoir. Called *A Mantis Carol*, it is a kind of prayer to the Hottentot, who, with any luck, is represented in all of us by a feeling of loving goodness. Sir Laurens unravels the story of the Hottentot who ends his life in New York. Through the process of discovery, he lays out for us an explanation of human sorrow and joy which is very appropriate in this season of hopeful regeneration. It also acts as an illustration of everything Ingeat Giffard has tried to tell us. Like her the Hottentot dances his happiness.

Novelist handy with bottle and whore

George Watson reviews the life of a practical philanthropist and the author of Tom Jones

THE STUDY of Fielding has suffered from an excess of piety and a dearth of facts. Now the Batestins, an American married partnership at the University of Virginia, have remedied both. They have tried the number of his known letters, which still remain surprisingly few, discovered a portrait by Sir Joshua Reynolds - one of the 66 illustrations in this long, handsome life, and in a fiercely factual account of James, his plays are nowadays unperformed while his novels succeed on screen and stage. The Batestins call him the first master in English of self-reflexive fiction - his *Nehoboy's*, where the novelist disclaims history and proclaims his fictions to be just that. He was the first to boast a control of plot in prose fiction, and his critical notion of the novel as a comic epic in prose, usually thought of as a neo-classical exercise, is more critical respect than it has usually had.

The real strength of the new life, however, is severely historical. The Batestins have locked Fielding tightly into the fine details of the historical world he inhabited as an opposition Whig and after. He was a Church of England man, roughly anti-Jacobite and anti-Methodist, and a hard-working magistrate with a turn for judicial philanthropy. Nobody ever doubted that he knew what he was talking about when he wrote of prisons, debts and vagrancy, but it is now possible to see how well he knew. The writing of *Tom Jones* was interrupted by the Jacobite revolt of '45, which it builds into its plot. *Amelia*, his last novel and the one that he, but not the world, loved best, recalls the joys and sorrows of his first marriage. Fielding was no angel, in word or deed, and he knew it.

Fielding was an oppositionist, down to Walpole's resignation in 1742, who was not above jockeying for adroit change, and a rake who respected marriage even if his second wife, a servant girl in his household, was six months pregnant when he led her to a London altar. Mankind cannot know sin without living it, or creditably shun it without knowing it - the point is familiar to any careful reader of *Tom Jones* - and wild *Tom*, Fielding argues, have their morally educative point.

Tom Jones is not Adam, since he was born illegitimate and in sin. He is a credible, generous being whose lapses are venial and commonly at the invitation of others; and he likes to win a spotless bride and inherit a landed estate. That sounds like paradise lost and regained.

Tom triumphs because his heart is sound. Reason, Fielding rightly held, is indispensable to the moral life; but it is notable that stupid, the right intelligent wicked, and many of the dilemmas of life are in any case too urgent to give reason much chance to function.

Without good instincts, then, we are nowhere. The Batestins fittingly end with a quotation from Tom Jones which they call Fielding's truest epitaph, and it says mankind can take things and persons as they are, in liberality and benevolence: "The finest composition of human nature, as well as the finest china, may have a flaw in it." That is the voice of reform, not of Utopia, of hope, not of pride.

Fielding lies today under a pompous tomb in the Protestant cemetery in Lisbon near Admiral Borthwick, the Regent of Hungary who, having opposed Hitler towards the end of the war, fled there to die: an odd pair of worthies to inhabit the same graveyard and rest in peace.

HENRY FIELDING: A LIFE

by Martin C. and Ruthe R. Batestin

Routledge £29.50, 738 pages

fiction at the age of 30; and his early talent for travesty soon diverted into an anti-Richardson novel called *Shamela*.

As with Dickens and Henry James, his plays are nowadays unperformed while his novels succeed on screen and stage. The Batestins call him the first master in English of self-reflexive fiction - his *Nehoboy's*, where the novelist disclaims history and proclaims his fictions to be just that. He was the first to boast a control of plot in prose fiction, and his critical notion of the novel as a comic epic in prose, usually thought of as a neo-classical exercise, is more critical respect than it has usually had.

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Fielding was an oppositionist, down to Walpole's resignation

"LIKE EVERY woman coming here I felt that this was the last of my life." Hanan al-Shaykh, a Lebanese writer now living in London, has written a moving novel about four women coping with the insular, oppressive society of an unnamed desert state.

Suba, a Lebanese university graduate accustomed to working and moving freely in a cosmopolitan culture, discovers that even the safe haven of a women's institute she faces the threat of violence from men who would see her locked away at home. She turns to other women, but finds in their narrow obsessive existence a mirror image of her own dissatisfaction.

Nur, who becomes her lover for a time, is the spoiled child of a rich Arab family. Her indulgence and promiscuity conceal her frustration, for even she is not free to come and go; her husband controls her passport.

Amal, who has been divorced twice by men alarmed at her rebelliousness, lives as a virtual prisoner in her brother's house. Spurred on by her friendship with Suba, she goes on hunger strikes to win the right to educate herself and eventually starts up a

Fiction Women's barren lot

WOMEN OF SAND & MYRRH by Hanan Al-Shaykh translated by Catherine Cobham

Quartet Books £14.95, 280 pages

dressmaking business. Tamr's story is the most heartening, but even she must be on her guard, for a woman in work is always suspect.

Perhaps the saddest figure is Suzanne, the American woman whose husband was drawn to the country by a lucrative job. In the desert men give her the attention that she, a fat, bleached blonde middle-aged housewife, has never dreamt of in the US, where she spends her time watching soap operas and drinking cola.

However, she soon realises that she is exploited as an available white woman and that her lovers use her to indulge their own fantasies, to



Hanan al-Shaykh: oppressive society in the desert

escape from their own sad lives. Though these women are friends and often become catalysts for changes to each other's lives, each speaks as if alone on a stage, for it is feelings of isolation as much as entrapment in a barren land which permeate this novel. The sensual society of women remains more suffocating than sustaining, more a response to oppression than an alternative

culture. Perhaps the most memorable parts of the book are the descriptions of the desert and the society which has grown from it: a town walled against the oblivion of sand, the women at concert performing wild erotic dances with each other, while outside the hall their husbands and brothers wait to escort them home through a dust storm.

Western feminists have often been accused of patronising their Arab sisters with their pity for "the veiled woman," but with more and more Arab women writers being published in English, the perspective is beginning to change. This novel moved me not to pity but anger, not to complain but fear; my own freedom, my right to sit alone in a cafe, choose a career, to write this review, seemed suddenly very tenuous.

Wendy Brandmark

East End likely lads

I FORECAST a healthy growth rate in the coming years for books about the East End of London, driven by the demolition of the old environment by property developers, an influx of curious yuppies and the exodus of the original inhabitants to leafy suburbs or dreaming spires, from where they look back with nostalgia at their birthplace. Dick Hobbs, now an Oxford don but previously both dustman and road sweeper, is a typical example.

His book, which has the extended title "Entrepreneurship, the Working Class, and Detectives in the East End of London," dovetails with the popular television series in which Derek "Del Boy" Trotter gets into all manner of scrapes with the authorities in his pursuit of a dishonest living.

Few can avoid laughing at these yarns, but for Dick Hobbs they are a passion. What started life as a PhD the-

DOING THE BUSINESS: Entrepreneurship, the Working Class, and Detectives in the East End of London

by Dick Hobbs

Oxford £25.00 (£14.95) 253 pages

THE EAST END by Alan Palmer

John Murray £14.95, 197 pages

ons Richardson brothers and their successors, the Kray twins, Hobbs analyses the various categories of East End "entrepreneurship" - euphemisms abound - including the story of the warehouse robbery in which 26 tea-chests labelled "whisky" were lifted by a gang which only after completing

ENGLISH LANDED SOCIETY IN THE 20TH CENTURY

by Madeleine Beard

Routledge £17.95, 210 pages

the Corn Production Act of 1917 a short-lived revolution took place which was to benefit the tenant farmer and ensure that the demutual landowner had a hard time.

After the war an enormous shake-out took place, with many tenants buying their farms. By 1927 a quarter of the rural acreage of England and Wales had changed hands since the end of the war. But the old landowners were still there, merely switching assets to a more diversified holding, stocks and bonds taking the place of livestock and acres. Agricultural prosperity since the Second World War has hinged up many estates - could belt-tightening by the

while continuing to live there. In fact it only became true property in 1942 after his death while serving as British Ambassador in Washington.

The enduring impression that this book gives, however, is the aristocratic ability to endure. Without passing judgment or revealing where her prejudices lie, Madeleine Beard describes the periods of political impotence followed by periods of political ascendancy (as recently as the Macmillan years), the crippling taxes and death duties deftly sidestepped, while the encroachment of divorce and remarriage merely means that the intricate web of relationships and networks becomes denser still. In most respects the author finds that the 1890s have been good years for her subjects. Not for them the classless society. Socially self-sufficient, intellectually unstretched, the clouds may frequently gather on the horizon but they never seem to get wet.

William D. Sholto

War of two worlds

THE Iran-Iraq war encompassed a series of threats it threatened to upset the balance of power in the region, to cut off the industrialised world's oil supplies, to unleash "fundamentalist Islam" throughout the Middle East, and even, at one stage, to engulf the whole world in nuclear war.

All in all, the Iran-Iraq war makes a good story. It is one enthusiastically told by both Dilip Hiro and the journalists John Bulloch and Harvey Morris. Both cover much the same ground, charting the impetus behind Iraq's initial invasion, the transformation of President Sadam Hussein's war from a blitzkrieg to, to his own words, "a stationary offensive," the years of futile battle following Iraq's successful repulsion of the Iraqi invasion and the decision to invade Iraq in its turn - "one of the classic blunders which change the face of the world," according to Bulloch and Morris.

No-one emerges from the tale with much credit. Bulloch and Morris are mercilessly even-handed in their depiction of the brutality of the belligerents (such as Iran and Iraq's use of religion to justify their "shabby shifts" in policy) and the cynicism and hypocrisy of the bystanders, including the Western powers. On American acknowledgement of Iraq's use of chemical weapons long after evidence of it had come to light, the authors write: "The decision was taken that America had swung too far towards Iraq, and a pretext needed to

THE LONGEST WAR

by Dilip Hiro

Griffin Books £17.95, 312 pages

THE GULF WAR

by John Bulloch and Harvey Morris

Methuen £14.95, 310 pages

THE IRAN-IRAQ WAR

edited by Efraim Karsh

Macmillan £37.50 (paperback £15.99), 304 pages

be found to redress the balance. . . . The criticism of the use of chemical weapons was no more than that, a tilt back towards the centre after America's huge swing towards support of Iraq."

Their narrative is interspersed with quotations from interviews and eye-witness accounts obtained from reporters, their fascination with the Middle East sometimes means that they cannot resist the temptation to go off on a tangent into the convoluted politics of the area. Some of the analysis is highly speculative and the book would certainly benefit from documentation and a tighter narrative structure.

Dilip Hiro is also at pains to highlight Machiavellian behaviour all round, but shows more than sympathy to Iran's plight than Bulloch and Morris, though they too, point out the enormous advantages Iraq was given in its conduct of the war. These included monthly grants of £1 billion from Saudi Arabia.

Soviet arms, US military intelligence and, finally Hiro implies, direct assistance, compared with Iraq's almost total lack of outside support.

Hiro highlights the folly of the Iranian plan to invade Iraq in 1982 through parallels with earlier Arab invasions, but in his rigour, Hiro's text does contain some quick conclusions and apparent contradictions; for example, on one page he asserts that the US, unlike Moscow, wanted the war to continue, but on another says both superpowers wanted the war to end.

The compilation of edited material by Efraim Karsh is a welcome addition to the literature on the Gulf War. Many of the pieces are written by leading specialists; attention is given to countries and issues that can only be given a passing mention in the other works. For example, Henri J. Barkey in an article on Turkey, "the silent victor," describes the impact of being a neighbour to both belligerents. By 1983, Turkish exports to Iran had risen 25-fold compared with five years earlier and, thus, Barkey argues, the "crisis-ridden" economy. There are chapters on Israel, Islamic fundamentalism, regional and superpower politics, and the effect of the war on the domestic politics of both countries as well as a number of chapters on the strategic issues.

Scheherazade Daneshkhu

Aristocratic shake-out

IN THE US this book is sold as *Acres and Heirlooms: The Survival of Britain's Historical Estates*, a title which serves far better to introduce the scope and intention of Madeleine Beard's book. Its strengths lie in summarising and assessing the effect of the changes in fiscal and agriculture policy on the aristocracy - other landowners hardly get a look in - and its weakness is an unsettling canter through the inter-relationships and properties of the English nobility ("To the south of Northamptonshire in Buckingham, the first Marquess of Lincolnshire owned an estate, as well as land in Lincolnshire." Really?) and a dizzying, somewhat clichéd summary of social routine.

The author depends heavily on pithy quotations to convey the sense of period and inevitably there are some delicious nuggets of nonsense. Often the aristocracy seems to have had even less contact with the real world than one might imagine. We find the Edwardian Marquess of Bath insisting not merely that his bootlaces be

traced, his morning papers be toasted and ironed but that his horse change be washed daily. I am surprised he handled the stuff at all.

Even the devastation wrought upon the officer-class, and to an even greater extent to the scions of great families, did not rule out idiocies such as a colonel in *Country Life* of 1915 that soldiers on leave and relaxing with a spot of shooting found their marksmanship for game had suffered grievously from the war - the problem was "a little natural jumpyness."

Yet this time reality was unavoidable. The owners of great estates saw their houses become hospitals and their parks camps. At Belton House, Lincolnshire, 20,000 troops were stationed in the grounds. But, as Madeleine Beard makes clear, it was government policy towards agriculture and land that determined the post-war future for landowners. With

European Community finally bring them down? The author is concerned by established landed society and not much with those who entered the ranks more lately.

The Sassoons, Cowdrays and Vestey (motto: three eggs poised upon an iceberg, commemorating a fortune made in food refrigeration) are among a handful who cannot be overlooked but the spoils in the shires (as opposed to the cities, where land ownership by the old families diminished rapidly in the 1920s) are still predominantly in the same aristocratic hands, even if death duties and periods of high taxation have taken their toll.

The author is surprisingly brief on the role the National Trust played as a safety-net for great houses, following new legislation in its favour in the late 1930s. She misleadingly states that the Marquess of Lichfield set the example by handing over Blickling Hall

Gillian Darley

More than local colour

SINCE Willa Cather wrote of immigrant communities in Nebraska it would be tempting to see her work as part of the "local colour" tradition in America. But from the start her ambitions were grander. Since she died - in 1947, at the age of 74 - there have been many books about her, including a spate of studies in the 1980s by such protagonists of feminism as Adrienne Rich.

Now, Hermione Lee has added her voice to the tributes - at a voice always intelligent but at times a little naive. For example, why does she feel it necessary to say that Cather's fiction "is not satisfactorily accounted for in biographical terms"? The point about a creative writer, surely, is that she feels as free as God to change the facts if that makes the story better.

Lee begins with a lightning "American studies" tour, setting Willa Cather's work in a context of Emerson, Whitman, Frank Norris and Charles Olson. But there is no mention of the short stories of John Steinbeck, Erskine Caldwell, Hemingway or Faulkner, who - in their own ways - have

WILLA CATHER: A LIFE SAVED UP

by Hermione Lee

Virago £12.99, 409 pages

shown how triumphantly unembarrassing and uncondescending American writers can be when they write about simple characters. If Cather's "national life stories" seem not stories at all but life itself, this is the result of a special kind of art.

To her credit, Miss Lee sees this and after a few chapters of biography sets out on a reading of the texts from *My Antonia* to *The Song of the Lark* and *Death Comes for the Archbishop* but not, unfortunately, Willa Cather's best novel, *My Antonia*.

Geoffrey Moore

Cather" (reviewed in the Weekend FT 23.1.88). Yes, of course, Woodress did praise Cather's work but he also did something which Lee does not - take us by the hand and lead us by the hand into a relaxed and sympathetic way. The good critic puts the reader first, and that is what Woodress does - telling the story at the same time as he comments on it.

This said, however, and with Willa Cather's 12 novels ranged handily beside Lee's commentary, we may appreciate how she has been able to take the woman's point of view without degenerating into one of those fanatical who seek to enlist Cather in the movement for Lesbian liberation.

In a separate volume Lee has also selected and introduced 20 of Willa Cather's short stories, including the much-admired "Neighbour Rosicky." At the same time Virago has re-issued *The Song of the Lark* and *Death Comes for the Archbishop* but not, unfortunately, Willa Cather's best novel, *My Antonia*.

Geoffrey Moore

SPORT

ANGLO-JAPANESE relations were strained slightly the day that Mamoru Miki and George Devlin encountered each other in the terrace of Wentworth Golf Club during the final round of the Suntory World Matchplay Championship.

As Nick Faldo and Ian Woosnam battled on the greens, the normally sedate terrace of this world famous club witnessed a much fiercer confrontation between a Japanese national upholding the traditions of English golf and a British businessman worried about the outcome of a big deal that was having repercussions way beyond British shores.

It must have seemed a strange sight for the visiting officials of Suntory to witness one of their own countrymen standing on a chair berating the owners of Wentworth after he had been asked to leave the club for distributing a press release.

Miki, managing director of Cores Europe, a consultant to the Japanese electronics industry, had been asked to stop distributing the release in the press tent. He returned to his seat on the terrace, but was alarmed when a security man removed one of the leaflets from the pocket of his jacket, draped over a chair, and ran off with it.

Minutes later Devlin, the vice-chairman of Chelsfield, appeared holding the release in his hand and asked Miki to leave. However, it was Devlin, who retreated under the ensuing trade. This extraordinary war between the developers, Bernard and Devlin on one side, and the die-hard members on the other, has degenerated into a groves-of-struggle with behind-the-scenes scheming on both sides.

It comes at a time of growing interest in British golf clubs from Japanese commercial interests used to paying vast sums for their golf in Japan. Memberships of many of the 1,500 clubs in Japan are traded like stocks and shares and can change hands for hundreds of thousands of pounds.

The idea of a phalanx of Japanese golfers advancing slowly up the Burma Road, the name of Wentworth's most famous course, has been enough to make some of the older members splutter on their gin and tonics - not that they can afford them any more. A hole in one at Wentworth has been something to avoid since Chelsfield took over and put up bar prices. The company is encountering widespread dissent among the rank and file membership faced with escalating annual subscriptions which in some cases are projected to rise to £2,600 a year by 1993.



David De Ville: Wentworth's members aren't interested in swanky London food

The Wentworth 'Boat People'

Richard Donkin looks at a Japanese assault on an English golf course

The dissident members, organised under the campaign banner of Wentworth Members Action Group, describe the development as the "greatest threat to British golf at the present time." Those members at odds with the deal are questioning the necessity of recruiting one of the country's top hotel managers to run the club. Willy Bauer, former managing director of London's Savoy Hotel, has been appointed - on a salary of £100,000 a year with a profit-related bonus - as group chief executive responsible for day-to-day running of the club.

Membership terms for younger and older members were recently improved and Bauer claims members are now much happier with the proposals. "About 90 per cent of the members today are in favour what we are doing," he said. The dissidents, however, deny this.

According to David de Ville, the retiring club captain, many of the playing members, while appreciating a recent £1.2m uplift in the price of the club, are not interested in the swanky London dishes introduced by Bauer. "They don't want nouvelle cuisine with flunkies charging about; they want steak and kidney pie," says de Ville.

As a proprietary club, Wentworth was never owned by its members, unlike the snootier Sunningdale, its near neighbour, where members are selected by invitation only and where, at £720 for the current annual

subscription, the golf is cheaper. Wentworth had been owned for 14 years previously by Amec, the construction group, which agreed to sell the club for £17.7m last year to joint buyers Chelsfield and Benlox. Chelsfield is the UK subsidiary of Chelsfield Investments International, a Panamanian-registered company. According to records at Companies House, Bernard has an interest in 50 per cent of the share capital of the ultimate holding company. He says the company is held in trusts administered by the Rothschild family.

Chelsfield bought out Benlox's share and embarked on a business plan to turn the initial investment into a company valued at £80m. Bernard is not a golfer. He is, however, credited as being one of the smartest operators in a market that is not known for taking prisoners.

From very early on in the Wentworth acquisition, Bernard decided that the members were getting their golf on the cheap. His idea was to bring in more corporate members, but the most novel element of all was to sell 40.1 per cent equity stakes at £200,000 each. This would raise £80m to get rid of the purchase debts and leave Bernard in control.

Numbered confidential memoranda were sent out by Nomura to prospective investors. Many of these were Japanese companies used to paying large sums for their golf in Japan where the shortage of courses means that only wealthy people can afford club membership.

Two factors working against the plan were a reluctance to pay Japanese golf prices in England, and a real fear of anti-Japanese feeling on British courses. The Japanese press horned in on this. Even the Japanese embassy was moved to make discreet inquiries at Nomura about what was happening, ahead of the visit to Tokyo in September by Mrs Thatcher, the UK premier.

Lord Young of Graffham, the former Trade and Industry Secretary, accompanying her on the visit, was so disturbed about possible ructions for Anglo-Japanese trade that he offered to help Bernard when he returned and put out a personal statement backing the plan.

As a keen golfer, who once played off a handicap of one, Lord Young said that Chelsfield's proposals were necessary to raise the standard of the club to the highest international level while keeping overall control in British hands.

Nomura and Chelsfield have announced that all the shares are in place and that about 22 per cent of the equity is now held by Japanese companies. They will not say who has bought the shares. Only the Savoy Hotel, which acquired three as part of a swap deal with Chelsfield, has declared its holding. Nomura itself says it has "one or two" but is not keen to publicise this. The reason behind this reticence

is unclear considering the difficulty which Chelsfield had in making the placements: the deadline had to be extended because of reservations among potential investors. Chelsfield wants to build a new 80,000 to 100,000 sq ft clubhouse that promises to turn Wentworth into one of the world's super clubs.

Nomura took 10 months to prepare what seems an impressively detailed memorandum. It includes projections that say, subject to a number of caveats, that the club will earn its shareholders an annual return on their investment in excess of 21 per cent with pre-tax profits exceeding £16m a year by 1992.

The action group is sceptical about the claims but Bernard says he is confident the returns can be achieved, whether or not the full development is allowed. He already has plans approved for a 62,500 sq ft clubhouse, double the size of the existing one, though he has asked Arup Associates to work on another design.

The involvement of the millionaire householders on the adjoining Wentworth Estate is a further ingredient in the controversy, particularly the workings of Kenneth Bagnall QC who has led a guerrilla war designed to curb the wider ambitions of the developers.

Bagnall successfully opposed a private parliamentary bill in the last session that was designed to replace the 1964 Wentworth Estates Act. The act gave the residents of the estate

statutory powers to collect a rate among themselves for the maintenance of the 14 miles of roads on the estate and to enforce restrictive covenants.

The new bill was promoted by the residents to establish different ways of collecting maintenance costs once the domestic rate was abolished under the local Government Finance Act. The Wentworth roads committee, responsible for collecting the rate, agreed to abandon a number of restrictive covenants so as to allow Chelsfield to develop the club within about an acre in the hope that the remaining covenants banning any further developments would be made water-tight under the legislation.

Bagnall opposed any concession to the developers, however, and the Commons committee ran out of time and patience to take it any further. Roads committee, said: "I think the politicians got fed up with listening to what appeared to be a lot of wealthy residents bickering among themselves."

Bernard, who is taking over the chairmanship of the club in January to become more involved, reckons that demand for golf around London will continue to expand strongly. His own market research suggests the need for 600 new golf courses by the year 2000 - looks conservative, alongside a report by the Royal and Ancient Golf Club of St Andrews which suggested the need for another 700 courses by the turn of the century.

The trouble with Wentworth, he said, was that it was left alone so long that members felt as if they owned the club. "It came as a shock when they were reminded that they didn't. They might be thinking what a comfortable time they had for so many years."

De Ville won a standing ovation from about 400 members at the annual meeting last November when he said: "I guess that Wentworth club, a piece of national golf heritage, has become a crude commercial exploitation, and our much cherished club atmosphere will be destroyed as a consequence."

The Wentworth members have been left largely to fight their own battle. Other clubs in the area call them the "Wentworth boat people" because they have no chance of getting into another club. And other clubs are beginning to look over their shoulders at the possibility of corporate bids.

A rallying pamphlet produced by the Wentworth Action Group at the time of the annual general meeting declared: "The shrimp and cocktail brigade have left the tents for the clubhouse, and it matters not what the first waves are doing raw fish and saki."

Yachting Blake's long shadow

VARIETY IS what keeps sailors coming back to the Whitbread race. Today the 22-yacht fleet left Western Australia on the 3,400-mile third leg to Auckland. Most of the way the crew were likely to be heading in about the same direction as the Whitbread. Just a month ago these same competitors were sailing in the English Channel and still shivering after a pull-meal run through the snow and icebergs of the Southern Ocean.

Another 20 hours separates the Swin shock from the start of the next leg. The British entry, the British entry, has been two hours behind her.

It is already apparent that, barring intervention from the Great Helmsman, the overall winner of the 1989-90 Whitbread will come from within this group of four boats. In conventional skill and technology they stand apart from the rest of the fleet.

Since both Steinlager 3 and Fisher & Paykel represent sailing-land New Zealand, their entry into Auckland harbour around 1200 hours from now is likely to be spectacular. When two NZ yachts were the first arrivals four years ago, more than 100,000 Kiwis turned out on cliff-top and beach to watch.

Grant Dalton, skipper of Fisher & Paykel, has not been a happy man since leaving Southampton 12 weeks ago. Dalton, an up-and-at-emer rather than cerebral sailor, has found bad luck everywhere. Handily placed on the run into Pinnacel Hete at the end of Leg 1, a freak wave swept Fisher & Paykel's mainmast overboard, costing them many hours in damage control and lost speed.

On the downwind stretch towards Fremantle it was again Fisher & Paykel in the lead for most of the final week. But on the final night of the leg the yacht was becalmed. Dalton, 20 miles to the south, was the only meteorological sense; Steinlager 3 found some wind and sailed to victory. "Blake was sailing on his own private breeze," said Dalton, after finishing three hours behind his lifelong rival.

If the calm and charismatic Blake has a secret weapon, it is probably his navigator and weather-specialist, Mike Quiller.

As the yachts head south down the WA coast and then turn east for the 1,900-mile slog across the Right to the southern tip of Tasmania, he will need all of that skill.

"This could be the most complex leg of the whole race tactically speaking," said Quiller. "It will all depend on reading the high pressure system that usually sits in the Right."

Every four to five days, on average, the high breaks up and the yachts could run ahead of a trough on a straight course to Tasmania. If the anticyclone is static, they must go south and look for the anti-clockwise winds along its lower rim.

Unlike the first two legs, the yachts this time will be relatively close to land. As a result, weather data will pour in from Australia and NZ met stations. Steinlager 2 has two Apple Macintosh computers providing weather-forecasting solutions for Blake. But first the isometric charts have to be digitised so that the computer can absorb the information. "That's where the art comes in. It's that point it's science," said Quiller.

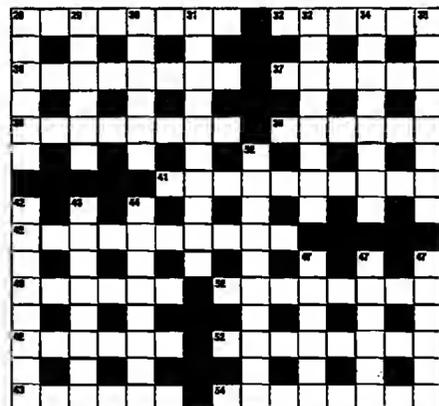
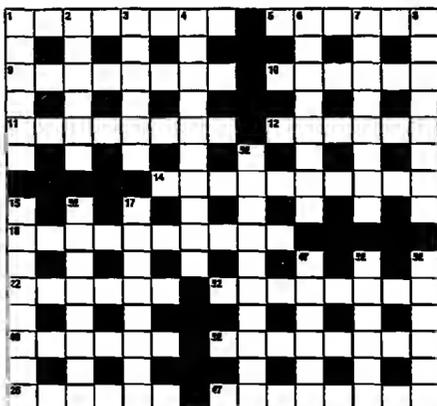
From Steinlager's point of view the next stage of the race will need a cautious approach. The boat's sponsor, New Zealand's biggest brewery, is desperate to see them first in through The Heads. Blake and Quiller are more anxious to cover their main rivals, Merit, Rothmans and Fisher & Paykel, to preserve their lead for the final half of the race round Cape Horn and back to Rangatia via Hengwai and Florida.

While the four heavyweights are playing box-and-one, it is entirely possible that one of the ultra-light "Hers" Mike Fortuna, Charles Jordan or even the Soviet boat Zvezda could make a lucky tactical gamble and find themselves heading the fleet up through the Tasman Sea towards Auckland.

It may stick in New Zealand craws if they have to give the honours to a bunch of "foreigners." But nothing will change the fact that Steinlager 2 is given more the bookies' map to win this Whitbread than the rest of the fleet out of the Solent on September 2.

CHRISTMAS CROSSWORD

Set by CINEPHILE



Prizes of £25 each for the first 10 correct solutions opened. Solutions to be received by Wednesday January 3, marked Christmas Crossword on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday January 6.

Name: Address:

Each 8-letter across solution is paired with a 6-letter one, and their clues (which are usually brief) are run together; each pair's letters can be jumbled to make a familiar title (9,5).

- ACROSS
1, 32 Last roundsman who comes by O'Neill's (8; 6)
5, 9 Panel application (6; 5)
10, 35 One going to join alter ego, for example (6; 5)
11, 37 Cold fix (8; 6)
12, 27 Fleur-de-lis maybe concerned with meaning (6; 5)
14 Crazy old city with one street worker at hand (10)
18 A short weed, within regulation, for putting back in ground (10)
23, 28 Cosmetic digs in Cornwall (6; 3-5)
24, 26 Via junction that isn't allowed (6; 6)
25 Cause to catch prime mover of craft (6; 5)
26, 27, 28 and 32 See 23, 12, 22 and 1
36, 51 Maybe my favourite word as Cockney is not a patient person (4, 4, 1, 5)
37 and 38 See 11 and 10
39, 54 Shrine of virgin daughter of prophet isn't on the level (6; 5)
41 I'm replacing article in room for communication (10)
45 Tradesman in Germany entertaining crazy moron (10)
49, 50 Finds room for application (4, 2; 6)
51 See 36
52, 53 Italian friends of Julius Caesar? (6; 3, 3)
54 See 39

- DOWN
1 Spur to princely sound (6)
2 Religious unions authorised by Pope (6)

- 3 Clear corollary of energetic ego? (6)
4 Father Christmas picks up a car to old Colombian city (5,5)
6 A border in - let me see - an ancient Italian town (3)
7 Small vessel for stowed family, we hear (6)
8 Divided into small pieces, aren't punctual about love (6)
13 Traditional fare provides king and men with a slice (6,4)
15 Writings on the wall count suitable one (6)
16 Particular gamble, provided it's over one hundred (8)
17 Beer like copes for cap (9)
18 Sign appreciation of internal folds (6)
20 Whole performance follows split injunction (5)
21 French sauce, I see, for audience (6)
22 Deal with gear (6)
29 Number in exchange for Romans (5)
30 Baby insect follows after (6)
31 Joining up of broken lines, large number, in abaker (10)
33 Indian fare for tea; Irishman split it (5)
34 Moulds that form degree minute seconds? (8)
35 Independent number at New York drinking up gin? (3-5)
40 Put gin into limited amount with tears (10)
42 Repeated jazz phrase to service French mob (6)
43 Agreement to reduce (6)
44 French gentleman well placed in a church atmosphere (5)
46 Spoke to painter at face (6)
47 Sight of half a dozen at holy city (6)
48 Something wrong: catch up with gains (6)

Solution to Puzzle No.7,122 Solution to Puzzle No.7,111

Winners of Puzzle No.7,111 Mrs E.W.H. Briggs, Keadal, Cumbria; Mr Peter Bush, Saffron Walden, Essex; Mr G. Constant, Loddiswell, Kingsbridge, S. Devon; Mr A. Conitts, Bucksburn, Aberdeen; Mr H. Walker, Harden, Bingley, Yorkshire.

Review of 1989 Soccer's tragic year

Philip Coggan and a tale of triumphs and disaster

THE HISTORY books may select 1989 as one of the key years of the century, but the world of sport was having one of its leisurely years. With no World Cup and no Olympic Games, the year was marked by a series of "super contests" such as the Bruno-Tyson and Leonard-Duran fights.

Once again, the petty squabbles of sport were overshadowed by tragedy. The details of the Hillsborough disaster, where 36 football supporters died, are burnt sufficiently into the memory to need no further description here. Lord Justice Taylor has yet to present his final report, but one can only hope that football will finally make the effort to treat its customers as humans to be entertained rather than cattle to be herded.

There was a brief period after Hillsborough when it seemed as if the football season might be abandoned. Instead, the League and FA ploughed on, with the old argument that the dead "would have wanted it that way." How convenient! Football was concluded by an unhappy year with a British minister pleading for England to be seeded in the World Cup and isolated on the island of Sardinia, because of the potential violence of its fans. The "T-shirt" England Invasion 1989 - are already on sale outside grounds.

It was a relief, after Hillsborough, to turn from tragedy to comedy and the England cricket team. After 1988, when England appointed four captains but finished third in the world competition. Such a performance would have seemed unimaginable back in 1972 when Britain was reduced to just one athletics gold medal (Mary Peters) in the Munich Olympics. Since then, Britain has produced not only outstanding individual athletes (such as Coe or Ovett) but has also broadened its strength in the field events.

Similarly in golf, after a period of around 20 years in which the sole British winner of a golfing major was Tony Jacklin, the UK has discovered a crop of outstanding players - Lyle, Faldo, Woosnam - one of whom is nearly always in the running for a major title. This year, Faldo succeeded Lyle as US Masters champion, while Woosnam tied for second in the US Open. And Europe's success in retaining the Ryder Cup still owed, Bal-



Mark Taylor emerged as a world-class opener and English spectators were able to witness the besting of Steve Waugh, which many experts were willing to compare with the greatest of the past. There was also the year was marked by Terry Alderman, a model for all aspiring bowlers, wheeling away on line and length and exposing the deficient techniques of the English players.

The performances of British soccer and cricket teams have been mediocre for so long that one needs to pinch oneself to be reminded that the games were invented in Britain. As Lesteros and Olazabel notwithstanding, much to the British and Irish players who formed the bulk of the side.

One explanation for the decline in team game success might be the falling standards of school sport facilities. It needs organisation to produce stumps, balls, bats, pads, gloves and a flat pitch for a cricket match. Football might seem simple enough to organise but youngsters still need coaching if they are to learn passing skills and ball control.

However, anyone can go out for a jog, and Britain's enthusiasm for running is illustrated by the massive turnout for the London Marathon. And any middle class child can probably find his way to the local golf course, where coaching will normally be available.

Perhaps the individualistic spirit of the age determines sporting prowess. Both athletics and golf are essentially solitary pursuits - tennis, in which Britain has long lacked a champion, requires someone on the other side of the net. But it is unwise to generalise too far. Only luck can have ensured, for example, the emergence of Boris Becker and Steffi Graf as contemporary West German champions.

Graf has looked invincible for some time (although she did lose to Arantza Sanchez in France), and Becker now seems able to dominate the game whenever the day and the surface allow his serve to find a rhythm. This year, the young German pair shared the Wimbledon and US Open titles, and Becker led his national team to a successful defence of the Davis Cup.

Some relief from this domination of power was provided by young Michael Chang, the 17-year-old American who won the French Open. Chang's serve is little stronger than Ken Rosewall's and he even won a point when, suffering from cramp, he served underarm to his bemused opponent, Ivan Lendl.

Cunning, skill and flair - these are all elements of sport which stand out in fans' memories. Short power and brute force quickly become boring in their want of subtlety. At their match point in an early Wimbledon round this year, Arantza Sanchez played a drop shot from the back of the court which was an outright winner. May there be more such moments, and no more tragedies, in 1990.